



2011/2012

ANNUAL REPORT

Volume I

Contents

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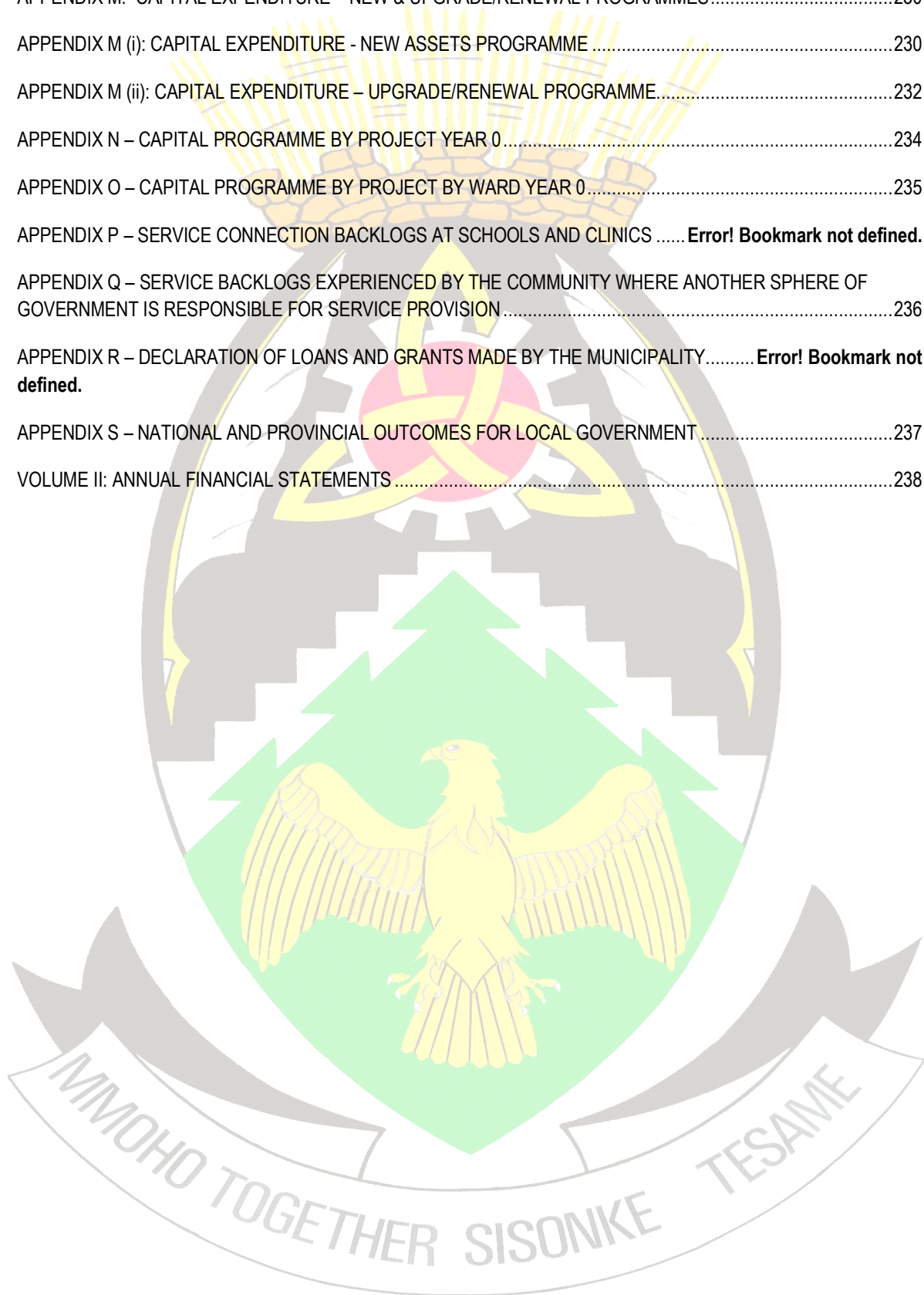
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Contents

REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

July 2012

Chapter 1

CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

EXECUTIVE MAYOR'S FOREWORD



Cllr Sebenzile Ngangelizwe

a. Vision:

By being a benchmark developmental municipality in service delivery excellence, Matjhabeng Local Municipality is continuously working hard to lay the ground and mobilize support to become Free State's second metropolitan city after Mangaung.

In its efforts to working towards the realization of its vision, the municipality is committed to:

- remaining united, non-racial, non-sexist, transparent, and responsible;
- providing services in an economic, efficient, and effective way;
- promoting self-reliant communities by inculcating an entrepreneurial culture; and
- creating an environment that is conducive for growth and development.

b. Key Policy Developments:

The municipality is married to the idea of pumping life into its Vision 2030 through the urgent finalization of the City Development Strategy. Among others, the following strategic thrusts are key in these endeavours, namely,

- local economic development
- human settlement
- safety
- infrastructure
- spatial development

Chapter 1

- finance
- governance, and
- institutional development

The above also take a cue from the objects of local government as set out in Section 152 of the Constitution of the Republic of South Africa. These are meant to:

- provide democratic and accountable government for local communities
- ensure the provision of services to communities in a sustainable manner
- promote social and economic development
- promote a safe and healthy environment, and
- encourage the involvement of communities and their organizations in matters of local government

c. Key Service Delivery Improvements:

Needless to say, the municipality was faced with a number of challenges during the year under review, and this was not unique to Matjhabeng. Together as politicians, officials, our strategic partners, and people of Matjhabeng, we were able to score some impressive achievements in the following areas despite the challenges alluded to above:

c.1 Civil:

	Project	Ward
1	Mamahabane – Construction of 3km storm water drainage network	1
2	Phomolong – Construction of 3,9 km storm water drainage network	3
3	Meloding – Construction of 3,5 km storm water drainage network	9
4	Allanridge/ Nyakallong – upgrading of main sewer pump station and new outfall sewers	19 and 36
5	Upgrading of Sand River Canal	23
6	Klippan pump station upgrade and construction of new outfall water pipeline to Sand River	23 and 32
7	Roads and storm water construction in Thabong - 6,6km of roads	13, 17 and 28 to 31
8	Roads and storm water construction in Meloding - 10.6km of roads	4, 5, 6 & 7
9	Roads and storm water construction in Nyakallong - 3km of roads	19 & 36

Chapter 1

10	Roads and storm water construction in Phomolong - 2km of roads	2 & 3
11	Rehabilitation of Thabong WWTW	30
12	Construction of Road 200	13, 15 & 17
13	Sewer connections to 300 households in Calabria	4
14	Install GPS Trignet Base Station at 1 Reinett Building in conjunction with Harmony and Chief Survey General Office in Mobray	32
15	Plan, design and pegging of first phase of 3 new cemeteries: - Phomolong 20 161 adult graves and 2 243 children graves - Bronville 35 504 adult graves and 4 233 children graves - Meloding 17 262 adult graves and 2 580 children graves	2 11 5
16	Construction of Kutlwanong Taxi Rank	20

c.2 Electrical:

	Project	Ward
17	The reinstatement of the 20 MVA 132kV transformer at the Industrial Substation Industrial Area in the Welkom Unit.	27
18	Hundred and fifty eight (158) stands were electrified in the X15/X9 Bronville Town Area.	11
19	The provision and installation of a 2 MVA medium electrical connection to the Witpan Purification Plant and the Klippan pump station in the Welkom Unit	27
20	The provision and installation of public lighting installation at the Whites Town Area in the Hennenman Unit.	3
21	Upgrading of substation SS6 in Welkom CBD Area.	32
22	The provision and installation of 4 MVA electrical connections to the Tiger Milling Development in the Hennenman Unit.	3

Chapter 1

c.3 Other Achievements Worthy Of Note:

During the year under review, Matjhabeng Local Municipality:

- was awarded a Certificate by the Department of Water Affairs for the most improved Water Service Authority
- received the following awards at the Blue Drop Awards Ceremony of Water Affairs
 - Blue Drop Status awards for five of its six towns with a score of 95.24%
 - Blue Drop Recognition for Top Provincial Performer in the Free State with a score of 94.72%
 - Blue Drop Excellence 2012 for the Most Impressive Team Performance: Matjhabeng Municipality and Sedibeng Water, and this was out of 5 national nominees
 - Women's Award 2012 for the excellent contribution towards the drinking water quality management which was awarded to Ms Charlene Smith.
- It is common knowledge that in an organization such as ours, we will always face litigations that from time to time arise from a maze of disputes. A total number of nineteen such litigations were successfully concluded, thus saving the municipality substantial amounts of money.

d. Public Participation:

During the year under review, not only did the municipality use different avenues to enhance public participation, but also increased its engagements with the public. Among others, the following were used as mechanisms to advance and consolidate public participation in and around the municipality:

- meetings of Ward Committees
- imbizos
- monthly publication in the form of Matjhabeng News
- calls for inputs on a variety of matters through advertisements in print media
- meetings with several relevant stakeholders and affected groups and individuals
- meetings regarding IDP and Budget consultative fora and
- face to face public consultative meetings

e. Future Actions:

The municipality intends initiating a process of reengineering itself, especially in respect of laying the basis for the crafting of a new organogram that will enable it to deliver successfully on its core business. This effort will also be accompanied by attempts to fill all of its vacant strategic positions, both at executive, middle management and operational levels.

Chapter 1

Efforts aimed at pumping life and making real its Vision 2030 will also be intensified as this is crucial in ensuring the municipality works towards the attainment of its planned metropol status. At the heart of this assignment will be the development of a City Development Strategy.

Moving into the future, the municipality will work hard and make the necessary budget available for purposes of developing frameworks, plans and strategies necessary to not only make us comply with various pieces of legislation, but also ensure we are enabled to do the work we are mandated to.

These include but are not limited to products such as Spatial Development Framework; Local Economic Development Strategy; Paved Management System; activities related to data purification of our customers with a view to improving revenue collection; waste management; and many others.

The municipality is also planning to initiate processes aimed at refurbishing its aging sewer, water, electrical and road infrastructure in-as-much-as it intends coming up with creative ways of curbing the unacceptably high water loses it continues to experience. The latter will most certainly include the procurement and installation of latest metres in the industry.

f. **Agreements / Partnerships:** Announcements on special partnerships initiated.

g. **Conclusion:** Final thoughts on the year.

Cllr Sebenzile Ngangelizwe
Executive Mayor

T 1.0.1

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW



Mr German Ramathebane

To begin with, it is important to remind all of us that the Annual Report that is being introduced here has been compiled in line with the applicable laws governing local government. In particular, and worthy of mentioning, are the Municipal Finance Management Act of 2003 and the Municipal Systems Act of 2000.

Notwithstanding numerous challenges we faced during the year under review, I am proud to say once again Matjhabeng Local Municipality did its utmost best to deliver quality services to its citizens. It is my view that we did the best we could to align our plans and objectives as a municipality to those of our communities.

In his introductory remarks, the Honourable Executive Mayor has made reference to some of the most impressive and major achievements we have scored during the Financial Year 2011/2012, and suffice to say those must be applauded and embraced by all and sundry in and around our municipality.

It is, however, critical for me as Accounting Officer to remind you that it was not easy for us to achieve what we did, especially when we consider the fact that the municipality faced, and continues to face challenges relating to its attempts to increase its revenue base on one hand, and recruit and retain competent personnel on the other.

Service delivery-specific departments did not operate at optimal levels as a direct result of inadequate staffing in critical positions. Our inability to build a reserve fund meant we will

Chapter 1

always find it difficult to maintain and improve our deteriorating infrastructure. I must admit these challenges give my team and I sleepless nights.

It is for this and other reasons that as we move on and look into the future, we shall have to invest much of our time, energy and budget into activities aimed at maintaining and re-building our ailing infrastructure. Sewer, water, electricity, and roads are critical in this regard, and we will need our social partners, communities, other spheres of government and the entire Council of Matjhabeng to support us in this endeavour.

In conclusion, I invite all of you to interact with this Annual Report as honestly as possible. Acknowledge our successes, and where we did not do as well as you would have liked us to do, do not only tell us we have failed, but rather provide us with feedback aimed at making us better in what we have been employed to do on your behalf.

I thank you all on behalf of men and women who constitute the team I lead from the administrative arm of your municipality, the men and women who are committed to serving you.

T 1.1.1

Chapter 1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Amongst others, the Matjhabeng Local Municipality carries functions related to water, sanitation, electricity, refuse, housing, local economic development, roads, storm water drainage, and local planning approvals. The municipality does not have entities that assist it in the execution of these functions with the exception of water and electricity, where parastatals such as Sedibeng Water and Eskom do play a role.

T 1.2.1

POPULATION AND HOUSEHOLDS

	CENSUS 2001	COMMUNITY SURVEY 2007
POPULATION	408 170	405 031
HOUSEHOLDS	120 289	131 622

Source: STATS SA 2001

T.1.2.2

POPULATION BY RACE AND GENDER

	MALE	FEMALE	TOTAL
BLACK	180 913	182 467	363 380
COLOURED	2 623	2 729	5 352
INDIAN / ASIAN	766	470	1 236
WHITE	17 613	17 451	35 064
TOTAL	201 915	203 117	405 064

Source: STATS SA 2001

T.1.2.3

Chapter 1

EMPLOYMENT STATUS		
ECONOMIC STATUS	CENSUS 2001	COMMUNITY SURVEY 2007
EMPLOYED	95 685	120 959
UNEMPLOYED	83 181	65 387
NOT ECONOMICALLY ACTIVE	100 350	89 706
EMPLOYMENT BY SECTOR		
INDUSTRY TYPE	2001	2007
AGRICULTURE, HUNTING, FORESTRY, FISHING	5 035	4 943
MINING AND QUARRYING	30 581	30 144
MANUFACTURING	4 133	9 556
ELECTRICITY, GAS, WATER SUPPLY	465	573
CONSTRUCTION	2 778	5 260
WHOLESALE AND TRADE, REPAIRS, HOTELS AND RESTAURANTS	11 795	17 813
TRANSPORT, STORAGE AND COMMUNICATION	3 262	3 581
FINANCIAL INTERMEDIATION, INSURANCE, REAL ESTATE AND BUSINESS	4 793	7 330
COMMUNITY, SOCIAL AND PERSONAL SERVICE	14 313	17 991
T 1.2.4		

Chapter 1

HISTORICAL OVERVIEW OF TOWNS WITHIN MATJHABENG

The municipality is made of six towns, namely:

WELKOM (THABONG)

Welkom has been the centre of the Free State Goldfields, serving several gold and uranium mines, since 1947. Following the discovery of gold in 1946, Welkom was founded in 1947 on the farm Welkom, with the word “Welkom” meaning welcome.

Welkom received municipal status in 1968. It was planned as a model town, with a horseshoe-shaped shopping and administrative district surrounding a park of 11ha. More than one million trees were planted in the town.

Centrally situated, Welkom is placed within comfortable distance from other major cities. Johannesburg is only 280 km away, while Bloemfontein is 175 km away. The traffic flow in the city has attracted much attention and experts from all over the world come to study the clever use of traffic circles and the minimal number of stop streets.

The absence of traffic lights in the centre of the city contributes to an effortless flow of traffic – the envy of many cities and the reason Welkom is known as the “*circle city*”. Welkom has also earned itself the reputation of being a “*city within a garden*” due to the number of parks and gardens that lend it an extraordinary number of shady trees and pleasant surroundings.

VIRGINIA (MELODING)

Virginia is situated on the banks of the Sand River. The town originated around the railway station, which was named after the hometown of two American railway surveyors from Virginia in the USA.

The town was established in 1954 and became the second largest town in the Goldfields area within three years. The name was retained when the town mushroomed in the 1950's following the discovery of gold. The farm's name, Merriespruit, was given to a suburb of Virginia.

Virginia is surrounded by some of the largest gold fields in the Free State, and mining, gold-extraction, plants, and the manufacture of sulphuric acid from gold ore dominates its economy. It is also known for having the world's deepest pipe-mine into the earth. Commercial farms in the surrounding area primarily grow maize and raise livestock.

VENTERSBURG (MAMAHABANE)

Ventersburg was named after a pioneer, PA Venter, of the farm Kromfontein, who died in 1857. Ventersburg's early history is closely connected to the history of the Reformed Church, as Ventersburg was Reformed Church congregation established in 1864.

Chapter 1

The House of Assembly, on 6 May 1873, declared Ventersburg a town in the Winburg District. The Dutch Reformed Church was built in 1891 and GOT burnt down in 1900 with the occupation of the British of Ventersburg. A new Dutch Reformed Church was built in 1912. In 1903, Ventersburg Municipality was established. In 1939, Ventersburg was electrified.

ODENDAALSRUS (KUTLWANONG)

Odendaalsrus was the first town to be established in the Goldfields in 1912. By 1946, this small farming community had only 40 houses and three shops. However, the town exploded into life after the confirmed discovery of the richest gold reef in the world in April 1946 on the farm Geduld.

Situated between Kroonstad, Allanridge and Welkom, Odendaalsrus once formed the centre of mining activities in the area. Today a tranquil town with its own unique pulse, Odendaalsrus and Kutlwanong together boast a population of approximately 52 000.

HENNENMAN (PHOMOLONG)

Hennenman is unusual within Matjhabeng's economics make-up in that it has a well-balanced economy based mainly on agriculture, an anomaly in an area in which most income is derived from mining and industry.

Before the town was officially established, it was birthed as a railway station, Ventersdorp. This name was changed to Hennenman Station in 1927, after a prominent local farmer. The town began to grow in earnest after the discovery of gold between Hennenman and Odendaalsrus in 1946 and was proclaimed a municipality in 1947.

Hennenman and Phomolong have a population of approximately 25 000. Phomolong Township emerged from the forcefully removed old location near Hennenman town, which was then used as Ventersburg station.

ALLANRIDGE (NYAKALLONG)

Named in honour of the late Alan Roberts, whose pioneering geological and prospecting work was key in the eventual discovery of gold and the development of the Goldfields, Allanridge was founded as a settlement in 1947, although it was only proclaimed as a town in 1956.

Home of the Lorraine Gold Mine, one of the biggest in the Goldfields, Allanridge is a town of sunshine, and the thousands of flamingos who make the area their home provide natural beauty. Nyakallong location was established by the mineworkers working at Lorraine mine and started as a dwelling place only to have their permanent homes where they came from.

T 1.2.5

Chapter 1

NATURAL RESOURCES	
MAJOR NATURAL RESOURCE	BENEFIT TO THE COMMUNITY
GOLD	There are a number of active mines which employ residents of Matjhabeng
URANIUM	

T.1.2.7

COMMENT ON BACKGROUND DATA:

The data clearly shows the municipality faces a number of challenges such as high levels of unemployment and consequently indigence. Amongst others this means the municipality's revenue base is likely to remain low, thus posing a threat on the municipality's ability to expand and improve the quality of services to its citizens.

T 1.2.8

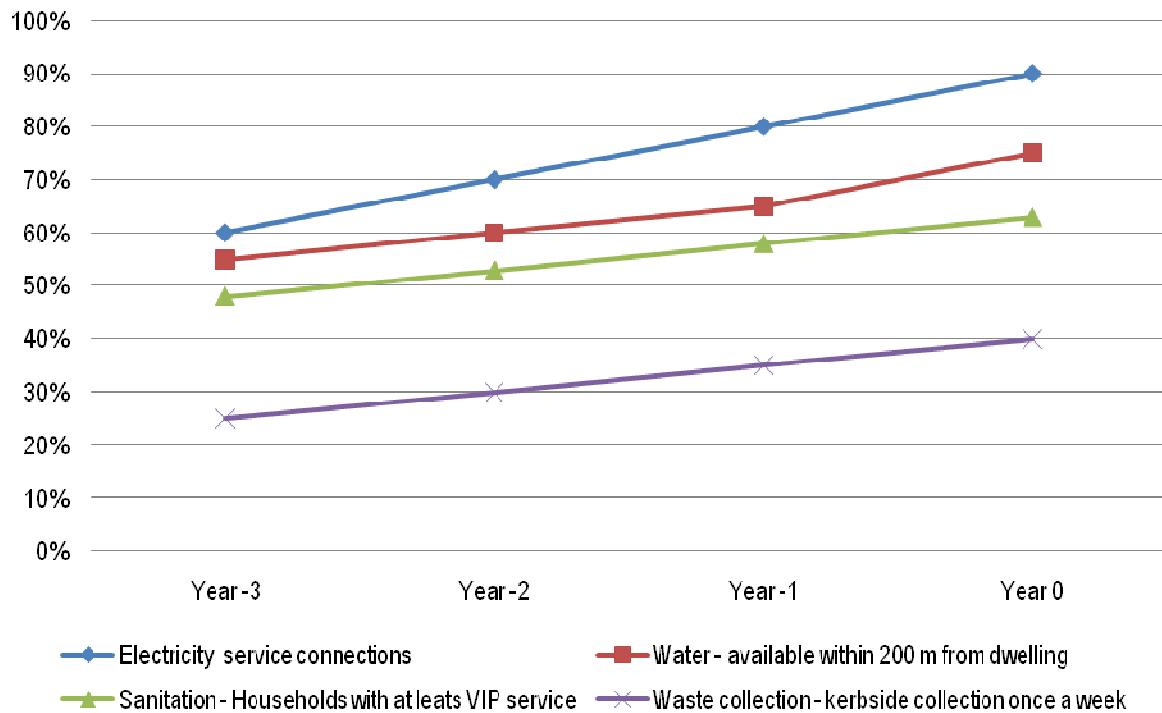
1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

T 1.3.1

Chapter 1

Proportion of households with access to basic services



T 1.3.2

COMMENT ON ACCESS TO BASIC SERVICES:

Diagram not included – access to basic services handicapped by shortage of personnel, fleet, materials and tedious procurement processes.

T 1.3.3

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

Delete Directive note once comment is completed - Provide a brief introduction on the financial sustainability of the municipality commenting on key successes and outcomes in Year 0 (Current Year) and those things that were challenging and required rectification – state how such challenges are being addressed. Comment also on the financial health of the municipality as derived from the financial ratios in Chapter 5.

T 1.4.1

Chapter 1

Financial Overview: Year 0			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	392,899,000	392,899,000	390,659,325
Taxes, Levies and tariffs	991,588,804	991,588,804	890,608,350
Other	107,447,845	107,447,845	308,277,993
Sub Total	1,491,935,649	1,491,935,649	1,589,545,668
Less: Expenditure	1,491,935,649	1,491,935,649	2,071,124,394
Net Total*	0	0	-481,578,726
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	23%
Repairs & Maintenance	2%
Finance Charges & Impairment	22%
T 1.4.3	

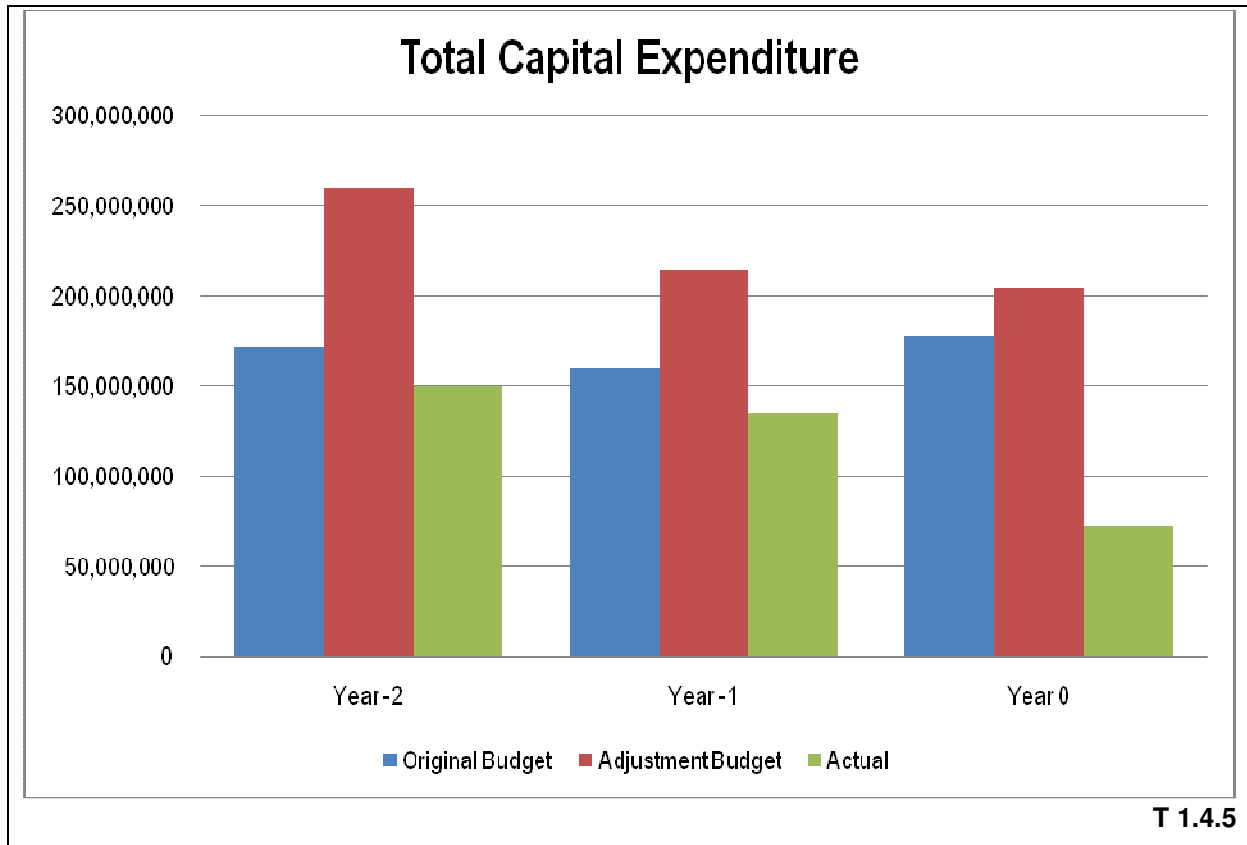
COMMENT ON OPERATING RATIOS:

Delete Directive note once comment is completed - Explain variances from expected norms: 'Employee Costs' expected to be approximately 30% to total operating cost; 'Repairs and maintenance' 20%; Finance Charges and Impairment 10%.

T 1.4.3

Total Capital Expenditure: Year -2 to Year 0			
Detail	Year -2	Year -1	Year 0
Original Budget	172,232,000	159,604,000	177,182,000
Adjustment Budget	260,388,000	214,704,000	204,637,000
Actual	150,055,541	134,519,721	72,581,118
T 1.4.4			

Chapter 1



COMMENT ON CAPITAL EXPENDITURE:

Delete Directive note once comment is completed – Explain variations between Actual and the Original and Adjustment Budgets.

T 1.4.5.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

Delete Directive note once comment is completed – Provide an overview of key Organisational Development issues based on information contained in Chapter 4.

T 1.5.1

Chapter 1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 0 (CURRENT YEAR)

Delete Directive note once comment is completed – State the type of opinion given (disclaimer; adverse opinion; qualified opinion; unqualified opinion with ‘other matters’; and an unqualified opinion) and briefly explain the issues leading to that opinion. In terms of a disclaimer you must state that ‘the accounts of this municipality were too deficient in essential detail for the Auditor General to form an opinion as the financial viability or rectitude of this municipality’. If opinion is unqualified, briefly explain the key steps taken to accomplish and maintain (where appropriate) this important achievement. Note that the full audit report should be contained in chapter 6 of the Annual Report.

T 1.6.1

Chapter 1

1.7. STATUTORY ANNUAL REPORT PROCESS

No .	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
T 1.7.1		

Chapter 1

COMMENT ON THE ANNUAL REPORT PROCESS:

Delete Directive note once comment is completed –Explain the importance of achieving the above deadlines to prepare the Annual Report nearer the end of the financial year and to provide the next budget process with a wide range of data from the outset. Include a statement to explain the importance of alignment between the IDP, Budget and Performance Management System as dealt with at item 1 or the schedule. Explain any failures to achieve the above timescales.

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Delete Directive note once comment is completed - Provide brief introduction to the nature of governance and the relationship between the four components in this Chapter.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Note: The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

Delete Directive note once comment is completed - Provide brief introduction to Political and Administrative governance at your municipality.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Note: MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

Delete Directive note once comment is completed - Provide brief introduction to Political governance at your municipality, particularly the key committees, how the political system works at the top. State whether there is an Audit Committee attached to your municipality that provides opinions and recommendations on financial processes and performance and provides comments to the Oversight Committee (or some other stated committee) on the Annual Report. State whether your municipality has established an Oversight Committee, comprised of non-executive councillors, with the specific purpose of providing your Council with comments and recommendations on the Annual Report. Confirm that the Oversight Committee report will be published separately in accordance with MFMA guidance.

T 2.1.1

Chapter 2

POLITICAL STRUCTURE



EXECUTIVE MAYOR
Cllr Sebenzile Ngangelizwe



SPEAKER
Cllr Charles Stofile



CHIEF WHIP
Cllr MJ Sephiri

MAYORAL COMMITTEE / EXECUTIVE COMMITTEE



MMC COMMUNITY SERVICES
Cllr D Kotzee



MMC FINANCE
Cllr MA Mbana



MMC POLICY & STRATEGY
Cllr TD Khalipha



MMC TECHNICAL
SERVICES
Cllr MK Menyatso

Chapter 2



MMC CORPORATE SERVICES
Cllr MSE Mfebe



MMC SOCIAL
SERVICES
Cllr ML Radebe



MMC HUMAN SETTLEMENTS
Cllr FE Taliwe



MMC SPECIAL
PROGRAMMES
Cllr ML Thlone



MMC LED & PLANNING
Cllr ME Lande



MMC PUBLIC
SAFFETY &
TRANSPORT
Cllr NW Speelman

T 2.1.1

Chapter 2

COUNCILLORS

PR Councillors



Cllr Banyane



Cllr Molefi



Cllr Mafa



Cllr May



Cllr Vanga



Cllr Styger



Cllr Motshabi



Cllr Mlangeni



Cllr Mafongosi



Cllr Beneke



Cllr Chaka



Cllr Marais



Cllr Mkhubane



Cllr Ntsebeng



Cllr Taljaard



Cllr Fanie



Cllr Matlabe



Cllr Fourie



Cllr Mholo



Cllr Thoabala



Cllr Petleki



Cllr Tsubane



Cllr Radebe



Cllr Mokotedi



Cllr Matlebe



Cllr Botha

Chapter 2

Ward Councillors



Cllr Van Rooyen



Cllr Riet



Cllr Naude



Cllr Meyer



Cllr V. Schalkwyk



Cllr Mokhomoto



Cllr Thateng



Cllr Madumise



Cllr De Villiers



Cllr Tsatsa



Cllr Qwesha



Cllr Mphikeleli



Cllr Dali



Cllr Makgowe



Cllr Mbambo



Cllr Molupe



Cllr Ntlele



Cllr Mokausi



Cllr Sifatya



Cllr Phetise



Cllr Mosala



Cllr Thelingoane



Cllr Tlake



Cllr Morris



Cllr Smit

Chapter 2



Cllr Masienyane



Cllr Monjovo



Cllr Molete



Cllr Mabote



Cllr Tsubella



Cllr Mothege



Cllr Molelekoa



Cllr Mololekoa



Cllr Khalipha



Cllr Taliwe



Cllr Mfebe

T 2.1.2

POLITICAL DECISION-TAKING

We are of the view that the office of the Municipal Manager is best positioned to comment on the implantation of Council resolution. On our part, we have requested Council admin to develop for us a rooster of Council resolutions and update on progress. We are still awaiting feedback. It is only then that we'll have the tool to properly oversee the implementation of council resolutions as an office.

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Delete Directive note once comment is completed – Comment as appropriate e.g. more general explanations than can be give in the table set out below concerning the roles of Municipal Manager, Deputy Municipal Managers and Executive Directors. Explain how they work together corporately in their thematic and service group roles to make the greatest impact on service delivery. Explain any major structural changes made or structural reviews commenced during the year.

T 2.2.1

TOP ADMINISTRATIVE STRUCTURE

TIER 1



MUNICIPAL MANAGER
Mr. German Ramathebane

TIERS 2 AND 3



EXECUTIVE DIRECTOR: Strategic Support Services
Mr. Sam Makhubu



EXECUTIVE DIRECTOR: Infrastructure
Mr. Madoda Besani



ACTING EXECUTIVE DIRECTOR: Corporate Support Services
Mr. Joseph Molawa



EXECUTIVE DIRECTOR: LED & Spatial Planning
Mr. Xolelwa Msweli

Chapter 2



ACTING CFO
Mr. LB De Bruyn



EXECUTIVE DIRECTOR: Community Services
Me. Matiro Mogopodi

T2.2.2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The office of the Speaker participates in the District Public Participation Forum that sits quarterly. The forum allows the Speakers in the district to discuss a range of issues including demarcation, public participation and governance. The forum has helped to eliminate tensions and disagreements over municipal outer boundaries as consensus was reached at this level.

At a technical level, the office participates in quarterly district and provincial public participation steering committees. These forums help service delivery through sharing of best public participation strategies implemented by other municipalities.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

Delete Directive note once comment is completed - Explain the participation of your municipality in National Forums and the benefit derived from these forums.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Delete Directive note once comment is completed - Describe meetings attended by your municipality to progress issues of mutual interest with neighboring municipalities, provincial government and national government to address policy and practice matters. Explain the value obtained from these activities in year 0.

T 2.3.2

Chapter 2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

While the Office of the Speaker is a participant in various provincial intergovernmental structures, the offices of the Executive Mayor and Municipal Manager are better positioned to comment since most of the issues discussed in these structures are executive.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

The office of the Speaker participates in the District Public Participation Forum that sits quarterly. The forum allows the Speakers in the district to discuss a range of issues, including demarcation, public participation and governance. The forum has helped to eliminate tensions and disagreements over municipal outer boundaries as consensus was reached at this level.

At a technical level, the office participated in quarterly district and provincial public participation steering committees. These forums help service delivery through sharing of best public participation strategies implemented by other municipalities.

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The municipality finalized the establishment of the remaining ward committees. All ward committees were inducted on their functions with a view to facilitating effective and efficient carrying out of their responsibilities. Ward committees sit bi-weekly to process the implementation of their work plans. Ward committees help the ward councillor to convene quarterly constituency meetings which provided feedback on the implementation of the IDP, give progress and receive concerns and commendations of the work done by council. The regularity of public mass meetings help to close down the social distance between the council and community. Submission of monthly ward committees' reports further help council to know the feelings and attitudes of the community towards service delivery. Attendant to, the Council is in a position to improve its planning, budgeting and implementation processes and strategies.

T 2.4.0

2.4 PUBLIC MEETINGS

Chapter 2

COMMUNICATION, PARTICIPATION AND FORUMS

Communication and participatory initiatives include monthly publication of Matjhabeng News, use of local community newspapers to communicate plans, performance outcomes and challenges, quarterly public meetings, IDP/budget consultative meetings, ward committees campaigns and imbizos. The Council regularly advertises the meetings of the Council in the newspapers in line with the Municipal Systems Act so that interested parties could attend.

T 2.4.1

WARD COMMITTEES

Four Imbizos on Service Delivery in the year under review. These Imbizos took place in the following areas:-

Nyakallong (Allanridge)
Kutlwano (Odendaalsrus)
Phomolong (Hennenman)
Mmamahabane (Ventersburg)

T 2.4.2

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward 1 Constituency Meetings	None			Not attached		
Ward 2 Constituency Meetings	10-Aug-2011	1		202	Issues raised are broadly service delivery issues	We must develop a mechanism that tracks issues raised.
	19-Feb-2012	1		160		
Ward 3 Constituency Meetings	9-Aug-2011	1		170		
	16-Feb-2012	1		150		
	31-May-2012	1		180		
Ward 4 Constituency Meetings	None			Not attached		
Ward 5 Constituency	10-Aug-	1		130		

Chapter 2

Meetings	2011					
	2-Nov-2011			167		
	14-Dec-2011			165		
Ward 6 Constituency Meetings	16-Aug-2011	1		362		
	7-Jun-2012	1		241		
Ward 7 Constituency Meetings	8-Jul-2011	1		135		
	29-Mar-2012	1		361		
	7-Jun-2012	1		251		
Ward 8 Constituency Meetings	None			Not attached		
Ward 9 Constituency Meetings	None	1		Not attached		
Ward 10 Constituency Meetings	None			Not attached		
Ward 11 Constituency Meetings	18-Aug-2011	1		98		
	20-Nov-2011	1		132		
	15-Jul-2012	1		124		
Ward 12 Constituency Meetings	27 and 28 July 2011	1		305		
	2-Nov-2011	1		200		
	18-Nov-2011	1		301		
	23-Sep-2011	1		370		
	12-Jan-2012	1		255		
	20-Feb-2012	1		198		
	10-Mar-2012	1		234		
Ward 13 Constituency Meetings	14-Jun-2011	1		230		
	28-Aug-2011	1		300		
	25-Sep-2011	1		240		
	6-Nov-2011	1		240		
	26-Jan-2012	1		100		
	29-Jan-2012	1		234		
	21-Feb-2012	1		290		
	21-Feb-2012	1		321		

Chapter 2

	29-May-2012	1		212		
	3-Jun-2012	1		216		
	26-Aug-2012	1				
Ward 14 Constituency Meetings	None	None		Not attached		
Ward 15 Constituency Meetings	10-Jul-2011					
	10 and July 2011					
Ward 16 Constituency Meetings	None	None		Not attached		
Ward 17 Constituency Meetings	None	None		Not attached		
Ward 18 Constituency Meetings	7-Jul-2011					
	11-Sep-2011					
	24-Jan-2012					
	31-May-2012					
Ward 19 Constituency Meetings	13-Jul-2011	1		200		
	10-Aug-2011	1		416		
	18-Sep-2011	1		1008		
Ward 20 Constituency Meetings	1-Feb-2012			Not attached		
	29 February 2011	1		Not attached		
Ward 21 Constituency Meetings	29-Jan-2012	1		208		
	28-Feb-2012	1		180		
	28-Mar-2012	1		Not attached		
	20-May-2012	1		Not attached		
Ward 22 Constituency Meetings	16-Jun-2011	1		Not attached		
	24-Aug-2011	1		218		
	10-Sep-2011	1		100		
	12-Nov-2011	1		138		
	14-Jan-2012	1		167		
	7-Mar-2012	1		143		

Chapter 2

	15-Jun-2012	1		146		
	4-Oct-2012	1		212		
Ward 23 Constituency Meetings	7-Jun-2011	1		375		
	14-Sep-2011	1		180		
	14-Oct-2011	1		165		
	13 & 16 February 2012	1		156		
	10-May-2012	1		170		
Ward 24 Constituency Meetings	7-Aug-2011	1		57		
	12-Feb-2012	1		38		
	25-Mar-2012	1		34		
	14-Jun-2012			45		
Ward 25 Constituency Meetings	None			Not attached		
Ward 26 Constituency Meetings	10-Jul-2011	1		300		
	17-Aug-2011	1		252		
	16-Oct-2011	1		251		
Ward 27 Constituency Meetings	1-Apr-2012			Not attached		
	23-May-2012	1		Not attached		
Ward 28 Constituency Meetings	13-Mar-2011	1		104		
	13-Jul-2011	1		180		
	11-Sep-2011	1		250		
	26-Feb-2012	1		230		
Ward 29 Constituency Meetings	2-Aug-2011	1		162		
	23-Nov-2011	1		122		
	25-Mar-2012					
	29-Jan-2012	1		220		
	25-Mar-2012	1		129		
	27-May-	1		105		

Chapter 2

	2012					
Ward 30 Constituency Meetings	None					
Ward 31 Constituency Meetings	4-Aug-2011	1		130		
	21-Feb-2012	1		391		
Ward 32 Constituency Meetings	10-Jul-2011	1		55		
	1-Oct-2011			63		
	1-Dec-2011			57		
	9-Feb-2012	1		52		
	6-Mar-2012	1		Not attached		
	19-Jan-2012	1		60		
	1-Apr-2012	1		73		
	30-Jul-2012	1		60		
Ward 33 Constituency Meetings	None			Not attached		
Ward 34 Constituency Meetings	None			Not attached		
Ward 35 Constituency Meetings	Sep, October 2011	1		146		
	July, August 2011	1		192		
Ward 36 Constituency Meetings	None	1		Not attached		
Imbizo (Service Delivery) – Nyakallong(Allanridge), Kutlwanong(Odendaalsrus), Phomolong(Hennenman), Mmamahabane(Ventersburg)						
T 2.4.3						

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The public meetings are useful in as far as ensuring continuing dialogue between the council and the communities. They provide the necessary link and enable the community to air their views on performance of the municipality in pursuance of its constitutional mandate. Much more still needs to be done though on following through the issues raised by the community in these meetings. We will only sustain meaningful public participation if the community sees value in attendance. And this will be ensured only through successful provision of feedback to issues raised within a reasonable timeframe.

T 2.4.3.1

Chapter 2

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Y
Does the IDP have priorities, objectives, KPIs, development strategies?	Y
Does the IDP have multi-year targets?	Y
Are the above aligned and can they calculate into a score?	Y
Does the budget align directly to the KPIs in the strategic plan?	Y
Do the IDP KPIs align to the section 57 Managers	Y
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Y
Were the indicators communicated to the public?	Y
Were the four quarter aligned reports submitted within stipulated time frames?	Y
* Section 26 of Municipal Systems Act 2000	
T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Delete Directive note once comment is completed - Please explain in brief the scope of corporate governance.

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Risk Management is a management process, through which the municipality identifies, evaluates and control significant risks that can result in failure, to attain strategic objectives. The main responsibility of Risk Management is to support the development of an overall Municipal Risk Management plan, aligned to Municipal Strategy. The following are the responsibilities of Risk Management.

1. Conducting Risk Assessment within the Municipality.
2. Advising and Guiding the Municipality in terms of Institutional Risk Matters.
3. Developing a Risk Management Strategy and Implementation Plan.
4. Coordinating Risk Management Activities.
5. Facilitating identification and assessment of risks.
6. Recommending Risk Responses to Management.

T 2.6.1

Chapter 2

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Note: See Chapter 4 details of Disciplinary Action taken on cases of financial mismanagement (T 4.3.6). MSA 2000 s 83 (c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

Delete Directive note once comment is completed - Describe in broad terms what strategies are in place to prevent corruption, fraud and theft. Also indicate key risk areas and processes put in place as a deterrent – e.g. division of duties, internal audit review of processes and adherence thereto, Audit Committees that exclude politicians and officials as voting members, condemnation by mayor and municipal manager of corrupt practices and involvement of the police as soon as grounds for suspicion become evident. Note that this information is sensitive; therefore municipalities should not provide names of people involved in investigations. Please state that your municipality's Audit Committee recommendations for year 0 are set out at **Appendix G**. If your municipality does not have a functioning Audit Committee then give reasons and describe how this is being addressed.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The SCM policy of the municipality is aligned with the SCM regulations. The SCM policy was also reviewed to take into account the revised PPPF regulations. The primary goal of the Municipality's supply chain management system is to find reliable, cost effective suppliers for the Municipality, this means that acceptable norms and standards of quality, expected service delivery and technical performance will not be relaxed or compromised, while ensuring the promotion of HDI's in the process. It is clear that the local economy is declining. For this purpose the Municipality has incorporated a number of local economic development initiatives and projects in the integrated development plan. The Municipality also realises that its supply chain management policy and practices can play an important role in stimulating local economic growth and development. This policy is therefore designed to contribute to the achievement by the Municipality of its objectives regarding local economic growth and development. As stated earlier the technical capabilities and expertise of service providers are not compromised in the awarding of contracts, therefore projects are completed according to the required standards. This in turn contributes to effective service delivery. Challenges experienced to attain the standards set out in Section 112 of the MFMA are as follows:

The appointment of permanent SCM staff
The training strategy for SCM practitioners has not been developed

The remedial action taken is that the revised organogram will serve before Council and once this is approved by Council, appointment of permanent staff will follow. Once permanent staff is appointed, their competencies and skills will be analysed and a training strategy will be developed.

T 2.8.1

2.9 BY-LAWS

Chapter 2

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
*Note: See MSA section 13.					T 2.9.1

COMMENT ON BY-LAWS:

Note: MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

Delete Directive note once comment is completed - Indicate the nature of the public participation that was conducted and on how the new by-laws will be enforced.

T 2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material			
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date	Reason
Current annual and adjustments budgets and all budget-related documents	Yes	9-Oct-12	
All current budget-related policies	No		Never provided
The previous annual report (Year -1)	Yes	22-May-12	
The annual report (Year 0) published/to be published	Yes	22-May-12	

Chapter 2

All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes*	20-Sep-12	On the 20th all agreements except for Director LED were sent, unfortunately only of Director Infrastructure wasn't published as they say it's a big file that will need only their senior to upload it, the file was resent on the 25th and 27th but nothing still. As for Director LED, it was said he hasn't sign his
All service delivery agreements (Year 0)	Same as above	Same as above	Same as above
All long-term borrowing contracts (Year 0)	No		Never provided
All supply chain management contracts above a prescribed value (give value) for Year 0	No		Never provided
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No		Never provided
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No		Never provided
Public-private partnership agreements referred to in section 120 made in Year 0	No		Never provided
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes*	22-May-12	Only one Finance Department - OCTOBER 2011 – DECEMBER 2011 quarter report
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>			T 2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Matjhabeng Local Municipality's Website is currently receiving support from the office of the premier, regarding the development and maintenance or updating of the website. The support is at its infancy and plans are afoot to make it more accessible and user friendly as possible.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

Delete Directive note once comment is completed - Provide a brief overview of public satisfaction with municipal service delivery.

T 2.11.1

Concerning T 2.11.2:

Delete Note once table T 2.11.2 is complete - It is not intended that municipalities should necessarily commission new surveys to complete the above table (T 2.11.2). This material should be obtained

Chapter 2

from existing surveys undertaken during year -1 and year 0 and by analyzing complaints and other service feedback. The services specified in the table (a. Refuse; b. Road Maintenance; c. Electricity; d. Water) are provided for illustration only. Although they are key services and should be included if data is available, other services should be included too where data exists. Where future questionnaires are planned then municipalities should have regard to national priorities; demographic variations; and poverty.

T 2.11.2.1

COMMENT ON SATISFACTION LEVELS:

Delete Directive note once comment is completed – Indicate the efforts that were made to improve satisfaction levels and to communicate successfully with the public on key issues of service delivery. It is not intended that municipalities should commission new surveys to complete the above table (T2.11.2). This material should be obtained from existing survey undertaken during year -1 and year 0 and by analyzing complaints and other service feedback. The services specified in the table (a. Refuse; b. Road Maintenance; c. Electricity; d. Water) are provided for illustration only. Although they are key services and should be included if data is available, other services should be included too where data exists.

T 2.11.2.2

Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Delete Directive note once comment is completed - Provide an overview of the key service achievements of the municipality that came to fruition during year 0 in terms of the deliverables achieved compared to the key performance objectives and indicators in the IDP. It is important to give a multi-year strategic overview on achievement. Give particular attention to your key priorities for development and where applicable and relevant to your municipality's priorities refer to basic services, local economic development health and security and safety services. Provide a brief overview on the contribution of municipal entities to service delivery. Refer to the functions of the municipality and its entities (if any) included at **Appendix D** and the performance table for the Municipal Entities included at **Appendix I**. Provide a brief reference to service delivery performance at ward level included at **Appendix F**. Kindly also provide a narrative providing information on the staff critical to service delivery and shortage thereof to accompany an employee table related to a service. Municipalities should report for employees where cost centers are allocated.

As you go through this Chapter, comment on the contributions made by municipal entities and the support given to informal settlements, as appropriate.

T 3.0.1

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

There are approximately 8500 informal settlers, 40 000 backyard dwellers and about 20 000 indigents in Matjhabeng Municipality. This places a huge burden on the Municipal finances and services. Most of the formal areas are serviced or in the planning stage to be serviced. To provide temporary minimum services to the informal settlements can in places be problematic as internal services do not allow for extension, especially due to burden that backyard dwellers place on service networks that are not developed for such a number of users.

T 3.1.0

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Matjhabeng Municipality is the Water Service Authority and Sedibeng Water the Water Service Provider. Due to the down scaling of the mines in the area, the current bulk water supply capacity is more than adequate in all the towns in the area of authority. Due to aging of some of the water networks and challenges to manage and meter all households the water loss is unacceptably high.

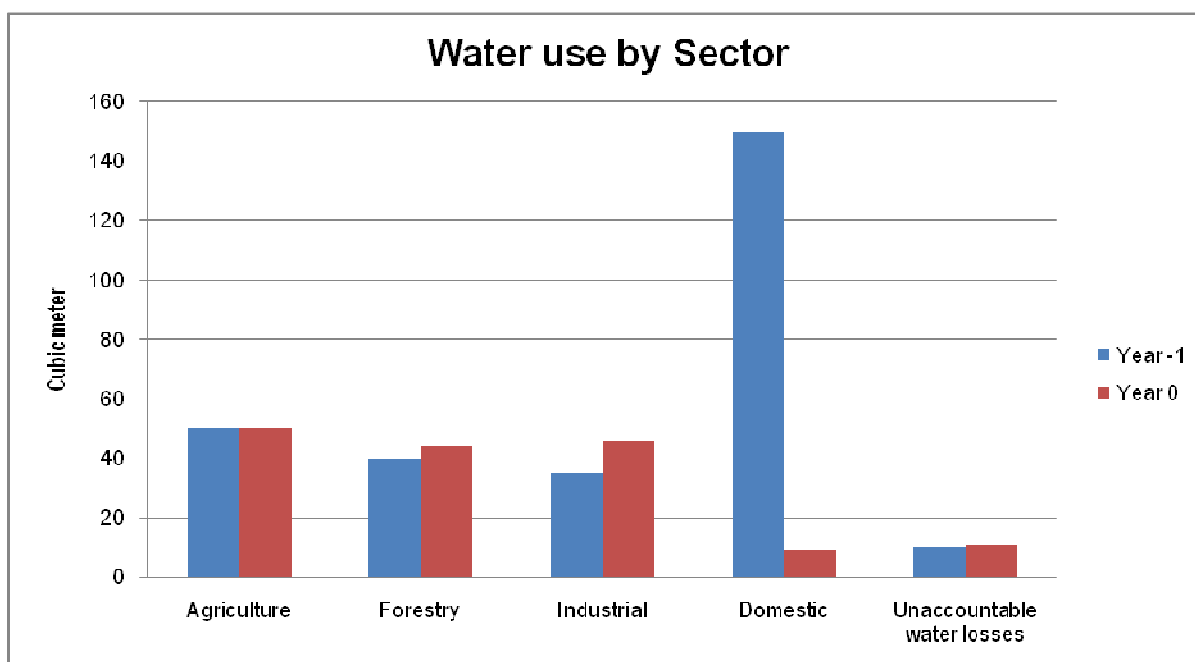
The Municipality achieved a Blue Drop Status in 5 of the 6 towns.

The Municipality renders basic assistance to poor communities within its resource constraints.

T 3.1.1

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1	50	40	35	150	10
Year 0	50	44	46	9	11

T 3.1.2



T 3.1.2.1

Chapter 3

COMMENT ON WATER USE BY SECTOR:

Due to excessive water losses, the Municipality embarked on project to reduce water losses. A service provider was appointed, but to date no real benefits were achieved.

Maintenance of water networks in old high income areas becomes difficult as little funding is available to maintain and upgrade such. All governmental actions are focussed on PDI areas.

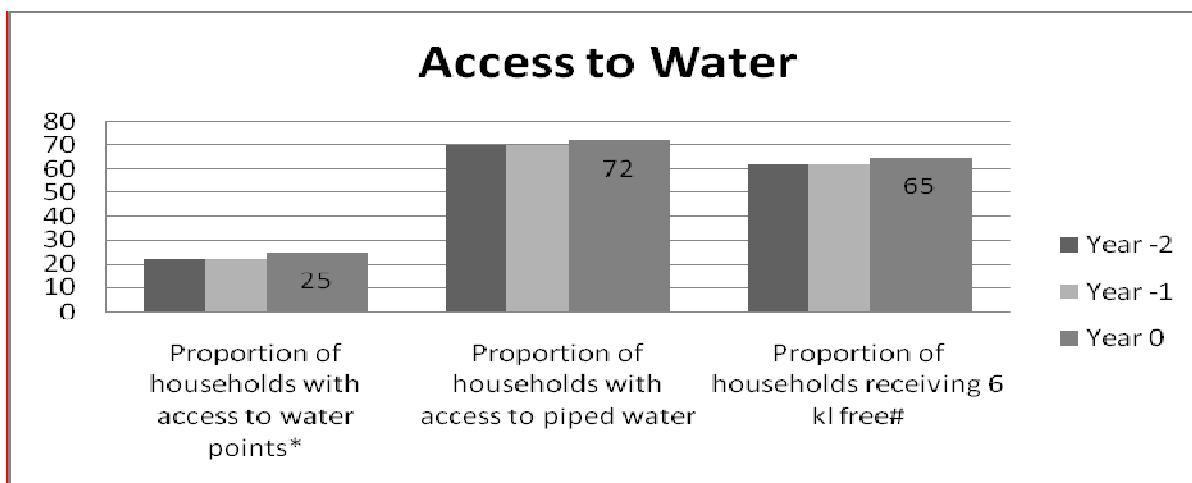
T 3.1.2.2

Water Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Households Year 0
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	857	546	655	846
Piped water inside yard (but not in dwelling)	647	865	456	486
Using public tap (within 200m from dwelling)	486	486	465	546
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	1,990	1,898	1,576	1,879
<i>Minimum Service Level and Above Percentage</i>	80%	80%	76%	79%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	486	486	486	486
No water supply				
<i>Below Minimum Service Level sub-total</i>	486	486	486	486
<i>Below Minimum Service Level Percentage</i>	20%	20%	24%	21%
Total number of households*	2,476	2,384	2,062	2,365
* - To include informal settlements				T 3.1.3

Chapter 3

Households - Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
Informal Settlements						
Total households	100,000	100,000	100,000	100,000	100,000	100,000
Households ts below minimum service level	25,000	25,000	25,000	25,000	25,000	25,000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%

T 3.1.4



* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute

6,000 liters of potable water supplied per formal connection per month

T 3.1.5

Chapter 3

Chapter 3

Water Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators (i)	(ii)	Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Households without minimum water supply	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)	xxxxxxxx additional HHs (xxxxxx HHs outstanding)
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year -1 (xxx interruptions of one hour or more during the yr)	T0% (xxxxxx Ints)	A0% (xxxxxx Ints)	T1% (xxxxxx Ints)	T1% (xxxxxx Ints)	A1% (xxxxxx Ints)	T2% (xxxxxx Ints)	T5% (xxxxxx Ints)	T5% (xxxxxx Ints)
Improve water conservation	Reduce unaccountable water levels compared to the baseline of Year -1 (xxx kilolitres (KLs) unaccounted for during the yr)	T0% (xxxxxx KLs)	A0% (xxxxxx KLs)	T1% (xxxxxx KLs)	T1% (xxxxxx KLs)	A1% (xxxxxx KLs)	T2% (xxxxxx KLs)	T5% (xxxxxx KLs)	T5% (xxxxxx KLs)
Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the blue water drop status as set out by the Water Affairs department. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									
T 3.1.6									

Chapter 3

Employees: Water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					
T3.1.7					

Financial Performance Year 0: Water Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p>					
T 3.1.8					

Chapter 3

Capital Expenditure Year 0: Water Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.1.9					

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The proposed water projects as listed in the IDP should mostly be completed within the set timeframe. The replacement of asbestos water lines as well as water demand projects will not be completed.

Projects according to IDP are:-

Thabong X20 (Hani Park)	R1,3m	2016
Thabong T6 & T12	R8,4m	2014
Servicing of 500 stands with water connections in Kutlwanong	R1m	2016
Analyse and upgrade Meloding water network	R30m	2016

The servicing of Thabong T12 already started.

Some portions of Meloding water network was upgraded, making a big difference on the quality of the service.

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Due to environmental requirements associated with sewerage the Municipality spend a major portion of its budget on upgrading these services. Several challenges however still exist. The upgrading of the Waste Water Treatment Works (WWTW) especially gets high priority. Some radical improvements can be seen in the Green Drop scoring, which more than doubled since the previous assessment.

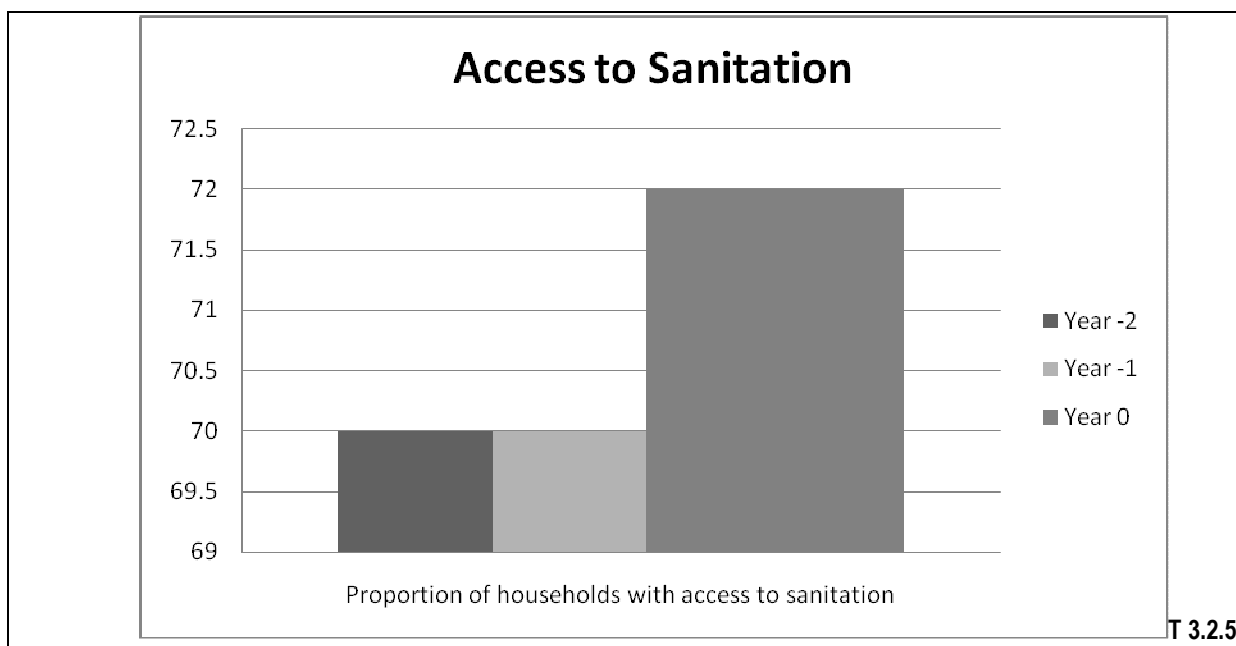
T 3.2.1

Chapter 3

Sanitation Service Delivery Levels						
Description	Year -3	Year -2	Year -1	Year 0		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>						
Flush toilet (connected to sewerage)	74	79	87			94
Flush toilet (with septic tank)	–	–	–	–	–	–
Chemical toilet	–	–	–	–	–	–
Pit toilet (ventilated)	–	–	–	–	–	–
Other toilet provisions (above min.service level)	–	–	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	74	79	87	–	–	94
<i>Minimum Service Level and Above Percentage</i>	63.4%	66.6%	72.3%	0.0%	0.0%	77.8%
<u>Sanitation/sewerage: (below minimum level)</u>						
Bucket toilet	20	15	7			–
Other toilet provisions (below min.service level)	11	11	11	11	11	11
No toilet provisions	12	13	15	15	15	15
<i>Below Minimum Service Level sub-total</i>	43	39	33	27	27	27
<i>Below Minimum Service Level Percentage</i>	36.6%	33.4%	27.7%	100.0%	100.0%	22.2%
Total households	117,039.00	118,039.00	120,494.00	26,729.00	26,730.00	120,497.00
*Total number of households including informal settlements						T 3.2.3

Chapter 3

Households - Sanitation Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	85	85	85	85	85	85
Households below minimum service level	12	8	6	4	4	4
Proportion of households below minimum service level	14%	9%	7%	5%	5%	5%
Informal Settlements						
Total households	9	8	8	7	7	7
Households ts below minimum service level	2	4	4	4	4	4
Proportion of households ts below minimum service level	19%	55%	59%	62%	62%	62%
T 3.2.4						



Chapter 3

Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Maintenance of sewer related infrastructure	Repair broken lines: Manage sewage flow, excavate, replace broken portion & backfill per meter	350	155		1,568	1,528	800	1500	1500
	Open blockages	8385	4866		9423	4853	4000	4500	4500
	Preventitive cleaning of sewer lines 1368km	350	1305		350	68	200	200	200
<p><i>Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the green drop status as set out by the Water Affairs department. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									T 3.2.6

Chapter 3

Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	1	5	1	4	80%
7 - 9	6	20	6	14	70%
10 - 12	14	22	13	9	41%
13 - 15	2	45	2	43	96%
16 - 18	32	188	30	158	84%
19 - 20	0	0	0	0	0%
Total	55	281	52	229	81%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					
T 3.2.7					

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	90,609	-98380	-98380	103,803	5%
Expenditure:					
Employees	17,226	16940	16940	22,105	23%
Repairs and Maintenance	3,946	17560	17560	6,783	-159%
Other	4,219	4586	4586	6,412	28%
Total Operational Expenditure	25,391	39085	39085	35,300	-11%
Net Operational Expenditure	116,000	137465	137465	139,103	1%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p>					
T 3.2.8					

Chapter 3

Capital Expenditure Year 0: Sanitation Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	#REF!	#REF!	#REF!	#REF!	
Kutlwanong: Upgrading of sewerage works phase 2	96.14299	0	110	12%	30,210
Allanridge/Nyakallong: Upgrading of main sewerage pump stations and new outfall sewers (MIS:165350)	1800	0	4013	55%	19,762
Meloding: Outfall sewer	176.59162	0	0	#DIV/0!	7,814
Odendaalsrus, Kutlwanong, Welkom: Relining of worn-out sewer lines	1220.54232	0	331	-269%	14,893
Hennenman/Phomolong: Outfall sewer - installation of new pipeline (MIS:166130)	2078.44938	0	750	-177%	2,177
Stateway: Upgrading of outfall sewer (MIS:159970)	0.40674	0	0	#DIV/0!	12,000
Matjhabeng: Upgrading and restoration of Witpan Sewerage treatment works (MIS:165330)	39558.174	0	44,033	10%	48,173
NyakalongWWTP upgrade	1199.54465	0	2,463	51%	29,238
THABONG T12 PHASE 4 Sewer Network (Jerusalem park)	400	0	0	#DIV/0!	2,144
Mmamahabane sewer network (53 stands)	444.80417	0	0	#DIV/0!	869
Thabong WWTP Extension	7000	0	0	#DIV/0!	110,500
Meloding Upgrade 7 Electric pannels	333.332	0	190	-75%	1,905
Matjhabeng (Bronville Ext 9): Construction of waterborne sanitation (MIS:185958)	400	0	0	#DIV/0!	4,815
Matjhabeng: Upgrading of the Klippan Raw Water Pumpstation	27874.54105	0	41864	33%	45,096
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.2.9

Chapter 3

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

Nyakallong outfall sewer and pump stations: Upgrading

Thabong WWTW – Upgrading completed and in good functional order

Witpan WWTW – Under Construction

Odendaalsrus WWTP – The upgrading of this plant was completed and it is in operation. The outfall sewer to the plant unfortunately collapsed and needed urgent attention.

The extension of the Thabong WWTW is a priority to allow for the installing of new networks envisaged in the next few years.

T 3.2.10

3.3 ELECTRICITY

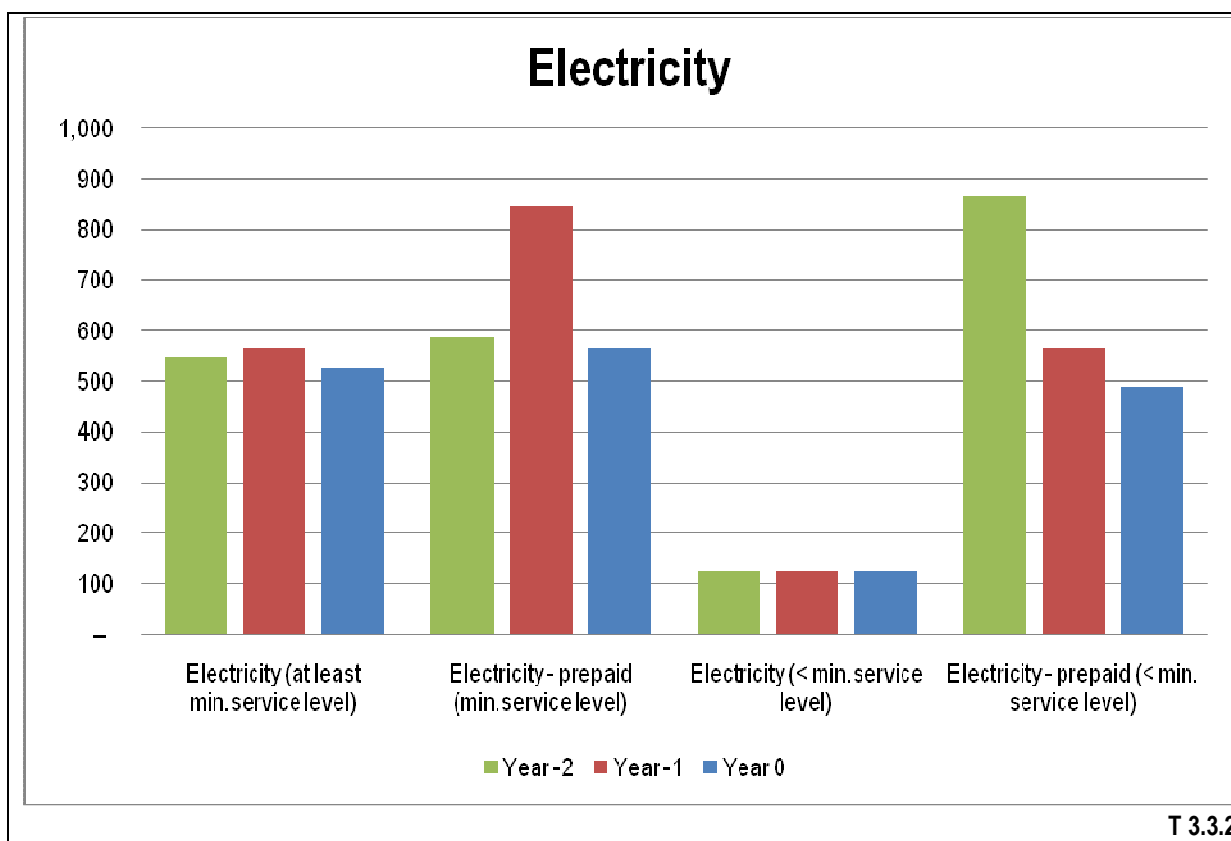
INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

Delete Directive note once comment is completed – Provide brief introductory comments on your strategy for the provision of electricity at household level and the progress being made to redress service backlogs and achieve the National basic standard for Electricity provision by 2014 (include your top 3 service delivery priorities and the impact you have had on them during the year). Set out measures taken to improve performance and the major efficiencies achieved by your service during the year. Discuss the major successes achieved and challenges faced in year 0. Indicate how your municipality identifies and responds to those communities that are living in poverty and are deficient in this basic service. Give the name and extent of service provision of any municipal entity(ies) responsible for rendering Electricity Services within the municipality.

T 3.3.1

Chapter 3



Electricity Service Delivery Levels				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	22945	22345	21145	17439
Electricity - prepaid (min.service level)	8600	9200	10400	12155
<i>Minimum Service Level and Above sub-total</i>	31545	31545	31545	29594
<i>Minimum Service Level and Above Percentage</i>	99%	100%	99%	99%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	0	0	0	0
Electricity - prepaid (< min. service level)	300	150	300	320
Other energy sources	0	0	0	0
<i>Below Minimum Service Level sub-total</i>	300	150	300	320
<i>Below Minimum Service Level Percentage</i>	1%	0%	1%	1%
Total number of households	31845	31695	31845	29914
				T 3.3.3

Chapter 3

Households - Electricity Service Delivery Levels below the minimum						
	Year -3	Year -2	Year -1	Households		
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	31545	31545	31545	32103	32103	32103
Households below minimum service level	300	150	300	400	155	155
Proportion of households below minimum service level	1%	0%	1%	1%	0%	0%
Informal Settlements						
Total households	783	483	400	400	155	155
Households is below minimum service level	300	150	300	400	155	155
Proportion of households is below minimum service level	38%	31%	75%	100%	100%	100%
						T 3.3.4

Chapter 3

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Provision of minimum supply of electricity	Additional households (HHs) provided with minimum supply during the year (Number of HHs below minimum supply level)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)
Maintain distribution losses under 10%	% Losses	10%	12%	10%	12%	17%	17%	10%	10%
Annual maintenance of 808 substations	Substations maintained	564	593	564	564	305	564	564	564
Maintenance of 29558 street lights Annual maintenance ratio is 30%.	Streetlights repaired	8674	4791	8674	8674	5157	8674	8674	8674
Electrical breakdown responses	Reaction on break down situations	2158	4304	2158	2158	4082	2158	2158	2158
Scrutinizing of consumer accounts regarding tampering	500 theft cases handled annually	500	208	500	500	401	500	500	500
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

Chapter 3

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	3	2	1	33%
4 - 6	7	16	7	9	56%
7 - 9	20	35	20	15	43%
10 - 12	5	25	5	20	80%
13 - 15	3	12	3	9	75%
16 - 18	38	97	38	59	61%
19 - 20					
Total	74	188	75	113	60%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T 3.3.6

Financial Performance Year 0: Electricity Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	404,060	348,452	0	404,060	14%
Expenditure:					
Employees	18,909	18,776	0	22,272	16%
Repairs and Maintenance	15,113	33,964	0	10,935	-211%
Other	3,093	5,648	0	5,308	-6%
Total Operational Expenditure	37,115	58,387	-	38,514	-52%
Net Operational Expenditure	441,174	406,840	0	442,574	8%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p>					

T 3.3.7

Chapter 3

Capital Expenditure Year 0: Electricity Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	14000000	5385000	2035000	-588%	
Energy efficiency residential load management	2800000	1800000	0	0%	0
Electrification X 15 (phase 4)	1200000	1200000	1650000	138%	1650
Urania substation	8000000	2000000	0	0%	0
CBD electrical upgrade	2000000	385000	385000	19%	385
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.3.8					

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain variances from budget for operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the performance on agreements reached with ESKOM if not already covered. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.3.9

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Delete Directive note once comment is completed – Provide brief introductory comments on the actions being taken to achieve the National standard for weekly Refuse Collection from every household by 2012 and discuss the major successes achieved and challenges faced in year 0. Discuss briefly progress made with waste disposal, street cleaning and recycling. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Indicate how your municipality identifies and responds to those communities that are living in poverty and are deficient in this basic service. Give the name and extent of service provision of any municipal entity(ies) responsible for rendering Refuse Services within the municipality.

T 3.4.1

Chapter 3

Solid Waste Service Delivery Levels				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	132	132	132	132
<i>Minimum Service Level and Above sub-total</i>	107	107	107	107
<i>Minimum Service Level and Above percentage</i>	77.2%	77.2%	77.2%	77.2%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week	0.10%	0.10%	0.10%	0.10%
Using communal refuse dump	7.20%	1.20%	1.20%	1.20%
Using own refuse dump	7.80%	7.80%	7.80%	7.80%
Other rubbish disposal	0.10%	0.10%	0.10%	0.10%
No rubbish disposal	1.70%	1.70%	1.70%	1.70%
<i>Below Minimum Service Level sub-total</i>	0.00%	0.00%	0.00%	0.00%
<i>Below Minimum Service Level percentage</i>	10.0%	10.0%	10.0%	10.0%
Total number of households	131 622	131 622	131 622	131 622
T 3.4.2				

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Households					
	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	–	–	–	–	–	–
Households below minimum service level	–	–	–	–	–	–
Proportion of households below minimum service level	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Informal Settlements	40 622	40 622	40 622	40 622	40 622	40 622
Total households	40 622	40 622	40 622	40 622	40 622	40 622
Households ts below minimum service level	–	–	–	–	–	–
Proportion of households ts below minimum service level	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
T 3.4.3						

Chapter 3

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives 									

Chapter 3

Employees: Solid Waste Management Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	100%
4 - 6	0	0	0	0	#DIV/0!
7 - 9	10	10	10	10	100%
10 - 12	23	23	23	23	100%
13 - 15	35	35	35	26	74%
16 - 18	388	388	322	66	17%
19 - 20	0	0	0	0	#DIV/0!
Total	457	457	391	126	28%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T3.4.5

Employees: Waste Disposal and Other Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	#DIV/0!
4 - 6	0	0	0	0	#DIV/0!
7 - 9	1	1	1	1	100%
10 - 12	5	5	5	2	40%
13 - 15	0	0	0	0	#DIV/0!
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	6	6	6	3	50%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T3.4.6

Chapter 3

Financial Performance Year 0: Solid Waste Management Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.4.7

Financial Performance Year 0: Waste Disposal and Other Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.4.8

Capital Expenditure Year 0: Waste Management Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.4.9

Chapter 3

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain variances from budget for operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

Delete Directive note once comment is completed – Provide brief introductory comments on your strategy for the provision of housing and explain the actions being taken to redress service backlogs and deliver basic housing provision to the national standard. Make particular reference to the successes achieved and challenges faced in year 0 (include your top 3 service delivery priorities and the impact you have had on them during the year). Set out measures taken to improve performance and the major efficiencies achieved by your service during the year. Indicate how your municipality identifies and responds to those communities that are living in poverty and are deficient in this basic service. Give the name and extent of service provision of any municipal entity(ies) responsible for rendering Housing Services within the municipality.

T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	560000	350000	62.5%
Year -2	654000	450000	68.8%
Year -1	654000	500000	76.5%
Year 0	684000	540000	78.9%
T 3.5.2			

Chapter 3

Housing Service Policy Objectives Taken From IDP									
Service Objectives 									

T3.5.3

Chapter 3

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	4	1	0	0%
4 - 6	3	5	3	0	0%
7 - 9	21	16	6	2	25%
10 - 12	2	9	7	8	53%
13 - 15	0	0	9	6	40%
16 - 18	0	0	11	10	48%
19 - 20	0	0	18	12	40%
Total	27	34	55	38	41%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p style="text-align: right;">T 3.5.4</p>					

Financial Performance Year 0: Housing Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p style="text-align: right;">T 3.5.5</p>					

Chapter 3

Capital Expenditure Year 0: Housing Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
A. Hennenman Land Restitution (100 Sites)	10,000,000				
B. Phomolong Putswa-Stene(90 Sites)	3,000,000				
C. Phomolong School Area(90 Sites)	8,650,000				
D. Redevelopment of G - Hostel	18,000,000				
E. Redevelopment of D- Hostel	5,250,000				
F. Accreditation	1,000,000				
G. Infill of new units	35,000,000				
H. Ventersburg Racial Integration Projects	5,250,000				
I. Harmony 3	110,000,000				
J. Middle/ High Income housing (881 sites)	460,000				
K. Allocate sites to disadvantaged members of the community	170 000,00				
L. Alienate sites to members of the community	50 000,00				
M. Formalization of informal settlements	40 000,00				
N. De-registration of abandoned sites	500 000,00	765,525			
*Projects with the highest capital expenditure in Year 0					
Name of Project- A					
Objective of Project	Addressing housing backlog				
Delays	Appointment of Consultants and unavailability of infrastructure				
Future challenges	Deregistration of Beneficiaries in Putswa Setene				
Anticipated citizen benefit	Acquire ownership				

Chapter 3

Name of Project- B					
Objective of Project	Face -lifts to replace the old dilapidated structures		structures of pre 1994 Municipal two roomed houses		
Delays	Massification project failed due to poor workmanship and contractors had to be appointed				
Future challenges	Current occupants to be relocated				
Anticipated citizen benefit	Decent four roomed houses				
Name of Project- C					
Objective of Project	Building of houses for beneficiaries from Putswastene				
Delays	Unavailability of infrastructure and consultants had to be appointed				
Future challenges	Beneficiary impatience could lead to unrest				
Anticipated citizen benefit	Acquire security of tenure				
Name of Project- D					
Objective of Project	Combating crime at G hostel				
Delays	Funding to be released by National/Province				
Future challenges	High no of occupants unregistered				
Anticipated citizen benefit	Social stability				
Name of Project- E					
Objective of Project	Redevelopment of D Hostel				
Delays	Feasibility study	to be conducted			
Future challenges	Current occupants must be relocated				
Anticipated citizen benefit	Addressing rental housing backlog				
Name of Project- F					
Objective of Project	To obtain accreditation				

Chapter 3

Delays	Housing Sector plan, SDF and other departments' documents to be submitted				
Future challenges	In ability to run our housing projects independently				
Anticipated citizen benefit	Acquiring Metro-Status				
Name of Project- G					
Objective of Project	Development ,management and administration of rental stock				
Delays	Awaiting Provincial Human Settlement to release CRU Funds				
Future challenges	More units to be built				
Anticipated citizen benefit	Assisting in addressing rental housing backlog				
Name of Project- H					
Objective of Project	Facilitation of the development of racial integration				
Delays	Approval for subdivision of sites not yet finalized				
Future challenges	Beneficiary impatience could lead to unrest				
Anticipated citizen benefit	Acquire security of tenure				
Name of Project- I					
Objective of Project	Conversion of more rental units				
Delays	Funding from Provincial Human settlement				
Future challenges	Vandalism of current hostel				
Anticipated citizen benefit	assist in addressing rental housing backlog				
Name of Project- J					
Objective of Project	Creation of Middle/ High income housing (881 sites)				
Delays	Difficulty in Securing PPP Agreement				
Future challenges	Acquiring Funds for Infrastructure				

Chapter 3

Anticipated citizen benefit	acquiring Security of tenure for 881 households				
Name of Project- K					
Objective of Project	Release serviced land				
Delays	Unavailability of serviced land				
Future challenges	Acquiring funds to service land				
Anticipated citizen benefit	Security of tenure and revenue enhancement				
Name of Project- L					
Objective of Project	Alienate sites to members of the community				
Delays	Internal processes				
Future challenges	Acquiring funds to service land				
Anticipated citizen benefit	Security of tenure and revenue enhancement				
Name of Project- M					
Objective of Project	Eradication of informal settlements				
Delays	Planning and pegging of approved 7000 sites still on technical level				
Future challenges	More funds to be released by Provincial Human Settlements				
Anticipated citizen benefit	Social stability				
Name of Project- N					
Objective of Project	Repossess abandoned and undeveloped sites				
Delays	Internal processes				
Future challenges	Relocation of occupants when owners appear after adverts have been placed				
Anticipated citizen benefit	Enhancement of social stability and revenue enhancement				
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.5.6

Chapter 3

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain variances from budget for operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

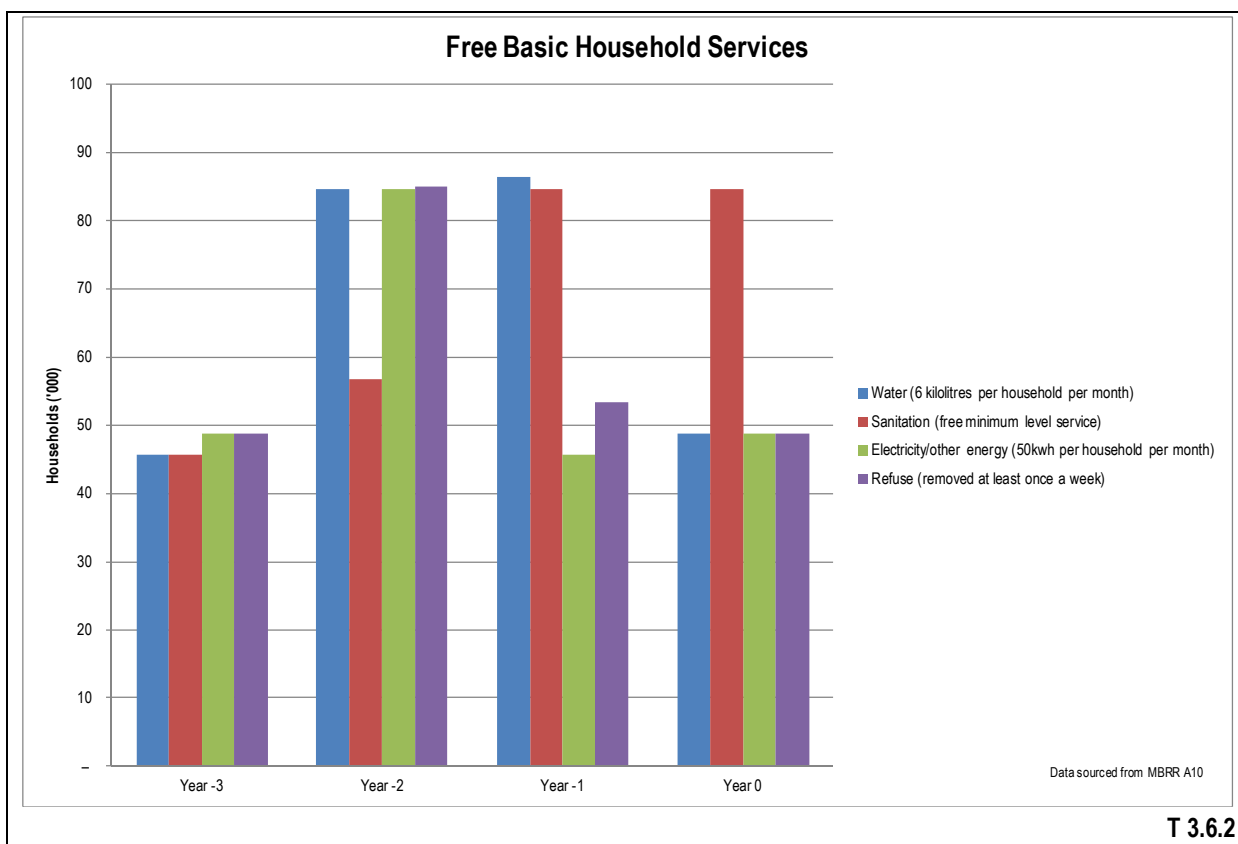
T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

Delete Directive note once comment is complete – Provide brief introductory comments on the progress being made to achieve Free Basic Services and summarise your municipality's policies towards indigent support.

T 3.6.1



Chapter 3

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R1,100 per month								
		Free Basic Water			Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
Year -2	16,807	16,807	16,807	100%	16,807	100%	16,807	100%	16,807	100%
Year -1	16,361	16,361	16,361	100%	16,361	100%	16,361	100%	16,361	100%
Year 0	17,578	17,578	17,578	100%	17,578	100%	17,578	100%	17,578	100%
T 3.6.3										

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year -1	Year 0			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	200	244	250	248	2%
Waste Water (Sanitation)	220	240	250	245	2%
Electricity	100	120	130	135	11%
Waste Management (Solid Waste)	105	110	120	125	12%
Total	625	714	750	753	5%
T 3.6.4					

Chapter 3

[illegible]

Chapter 3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Delete Directive note once comment is completed – Comment on the support given to low earners and in particular those affected by shortfalls in basic service provision. Provide detail of indigent policy, expenditure and grants received in year 0 and explain how these have been translated into programmes designed to improve levels of self sufficiency.

T 3.6.6

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

Due to high construction costs of roads the Municipal policy is to construct roads according to the road hierarchy unless there are serious storm water challenges. The idea is to get a person on a formal road as near as possible to his house.

T 3.7

3.7 ROADS

INTRODUCTION TO ROADS

More than 50km of roads, to an amount of R143m, was constructed during the last few years. A tender of R60m was approved for road maintenance over the next 3 years. This does not include patching, which is done with internal personnel and operational budget funding. A large backlog however still exists on the maintenance of road infrastructure. Due to backlogs on sewerage and WWTW the Municipality may have to downscale on the provision of roads.

T 3.7.1

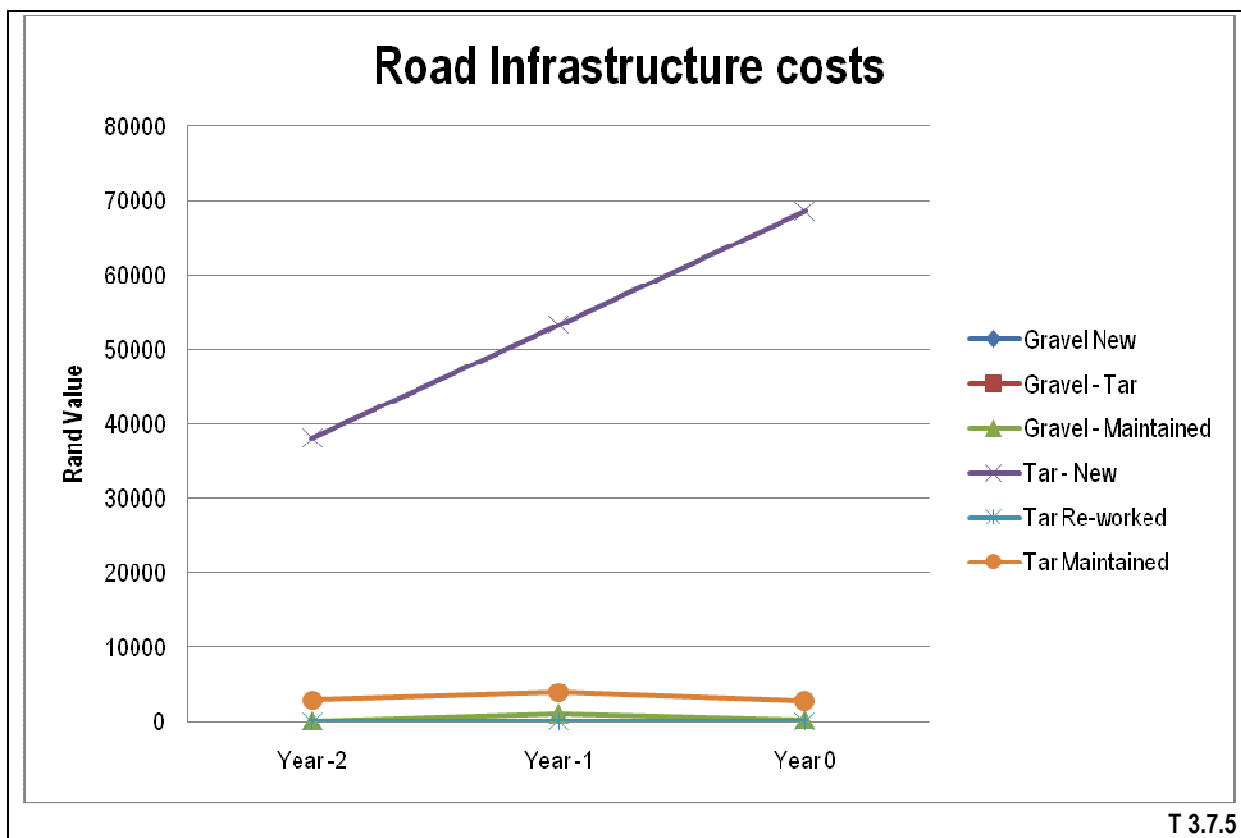
Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometers Gravel roads graded/maintained
Year -2	608	0	10	243
Year -1	622	0	14	289
Year 0	640	0	18	121
T 3.7.2				

Tarred Road Infrastructure					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Kilometers Tar roads maintained
Year -2	1,178	10	0	0	0
Year -1	1,192	14	0	0	0

Chapter 3

Year 0	1,210	18	0	0	0
T 3.7.3					

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
Year -2			88	38,095	0	2,795
Year -1			1,042	53,333	0	3,960
Year 0			272	68,571	0	2,705
						T 3.7.4



Chapter 3

Road Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Service Objective xxx									
Elimination of gravel roads in townships	Kilometers of gravel roads tarred (Kilometers of gravel road remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	Baseline (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)	xxx kms gravel roads tarred (xxx kms gravel roads remaining)
Development of municipal roads as required	xxx kms of municipal roads developed	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms	xxx kms
Construction of new roads.	Construct 50km new distributor roads/ bus/ taxi roads to improve traffic flow and improve stormwater management.	14 km	14 km		18 km	18 km	xxx km	xxx km	xxx km
Maintenance of streets and associated infrastructure.									
Repair potholes (1 036 km of tarred roads)	Clean, shape, prime, tar and compaction of pothole per m²	28500	23239		18670	14210	19000	19000	19000
Maintenance of Gravel Roads (701 km)	Water, transport gravel, blade, water and roll gravel road per Km	134	289		200	121	190	190	190
Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.									T 3.7.6

Chapter 3

Employees: Road Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	14	3	2	14%
10 - 12	7	39	9	8	21%
13 - 15	9	78	21	6	8%
16 - 18	11	214	43	10	5%
19 - 20	0	0	0	0	0%
Total	37	349	80	26	7%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T3.7.7

R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	15,829	15,596	15,596	15,875	2%
Repairs and Maintenance	5,593	33,545	33,545	3,635	-823%
Other	5,413	8,751	8,751	4,669	-87%
Total Operational Expenditure	26,835	57,892	57,892	24,179	-139%
Net Operational Expenditure	26,835	57,892	57,892	24,179	-139%
<p>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</p>					

T 3.7.8

Chapter 3

Capital Expenditure Year 2011/2012: Road Services					
R' 000					
Capital Projects	Year 2011/2012				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	64,451	-	57,353	7,098	
Nyakallong: Construction of Bus and Taxi Roads Phase 2	132	0	75	57	2,477
Hani Park: Construction of 8.2km Road network and storm water drainage (MIS:159992)	1,184	0	1,350	166	29,997
Matjhabeng (Bronville): Provision of 2.5km of roads	4,000	0	1,158	2,842	7,750
Matjhabeng (Thabong): Provision of 6.6km of roads	13,000	0	9,714	3,286	20,460
Matjhabeng (Kutlwanong): Provision of 15.7km of roads	18,412	0	27,759	9,348	48,670
Matjhabeng (Phomolong): Provision of 1.2km of roads	1,400	0	1,200	200	5,882
Matjhabeng (Meloding): Provision of 10.6km of roads	12,972	0	7,761	5,210	32,860
Matjhabeng (Nyakallong): Provision of 4.1km of roads	1,651	0	2,230	579	12,710
Openheimer Park: 1.5km roads and stormwater (Ward 12)	-	0	488	488	7,865
Thabong:T14 Investigate Runoff and Upgrading Existing System	1,456	0	2,172	717	26,594
Mmamahabane:Upgrading of Ring Road Phase3	898	0	443	455	5,871
Thabong:Road 142 and 295	141	0	240	100	3,110
Road 300 in T14/2 (integrated with SW)	635	0	2,762	2,127	34,359
Connecting Nkoane Road to Pambili Road	700	0	-	700	8,000
Kulwanong Provision of roads (2.7 km)	2,000	0	-	2,000	15,761
Thabong provision of roads 3.6 km	2,000	0	-	2,000	21,114
Phomolong provision of roads 1.0km	1,713	0	-	1,713	5,865
Nyakallong provision of roads 1.0km	2,159	0	-	2,159	5,865
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.7.9

Chapter 3

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Thabong: Construction of Road 300 and storm water in T14 and T16 totalling to R57m. The construction of this road is needed to service a new school and is also a collector road. Major storm water challenges exist in the area. This will be addressed during this project.

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

No public bus transport system exists in Matjhabeng Municipality. The Municipality is however committed to ensure that high standards of taxi rank facilities are created in each township. A lot of focus and funding are allocated to realise this target in the next 4 years.

T 3.8.1

Employees: Transport Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T3.8.4

Chapter 3

Financial Performance Year 2011/2012: Transport Services					
R'000					
Details	2010/2011	2011/2012			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.8.5					

Capital Expenditure Year 2011/2012: Transport Services					
Capital Projects	Year 2011/2012				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.8.6					

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

Delete Directive note once comment is completed - Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely

Chapter 3

variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.8.7

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

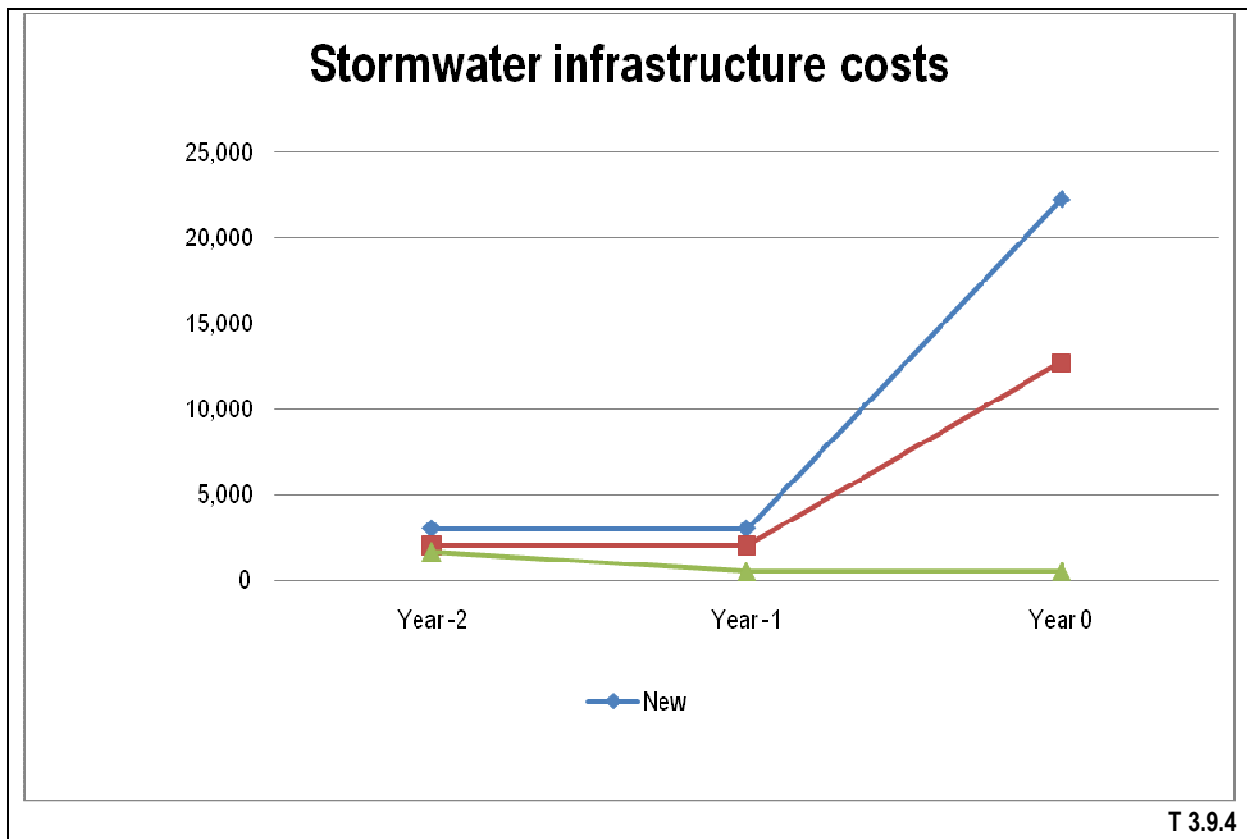
Due to the low gradients of the Matjhabeng Municipal area, stormwater is a challenging and expensive service. During the development of some towns, especially the townships, little emphasis was given to create major stormwater systems. When roads are designed the drainage thereof becomes problematic. It must also be mentioned that due to this low gradients of the area, the stormwater systems are designed at minimum velocity. This results in channels silting up regularly with the accompanying flooding problems and regular maintenance actions.

T 3.9.1

Stormwater Infrastructure				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Kilometers Stormwater measures maintained
Year -2	408	1	1	19
Year -1	410	1	1	28
Year 0	421	7	4	40
				T 3.9.2

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
Year -2	3,000	2,000	1,660
Year -1	3,000	2,000	519
Year 0	22,273	12,727	552
			T 3.9.3

Chapter 3



Chapter 3

Stormwater Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Development of fully integrated stormwater management systems including wetlands and natural water courses	Phasing in of systems	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); x yrs remaining	Completion (Yes/No); x yrs remaining	Completion (Yes/No); x yrs remaining
Construction of new storm water canals	Construct new Storm water canals in new developed or underdeveloped areas.	3	3		8	8	6	7	8
Clean and upgrade all stormwater Canals.	Cleaning of lined storm water canals in the whole of Matjhabeng once a year.	127	14.7		22	5.4	17	17	17
	Cleaning of unlined storm water canals in Matjhabeng twice a year.	84	13.4		17.6	13.8	14	14	14
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									T 3.9.5

Chapter 3

Employees: Stormwater Services					
Job Level	Year -1	Year 2011/2012			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	6	0	6	100%
7 - 9	3	14	3	11	79%
10 - 12	3	11	3	8	73%
13 - 15	4	14	4	10	71%
16 - 18	5	62	4	58	94%
19 - 20	0	0	0	0	0%
Total	15	107	14	93	87%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.9.6

Financial Performance Year 0: Stormwater Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					#DIV/0!
Expenditure:					
Employees	Included in Roads				#DIV/0!
Repairs and Maintenance	520	10,060	10,060	552	-1722%
Other					#DIV/0!
Total Operational Expenditure	520	10060	10060	552	-1722%
Net Operational Expenditure	520	10060	10060	552	-1722%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.9.7

Chapter 3

Capital Expenditure Year 0: Stormwater Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	11768	0	15032	22%	
Mmamahabane Provision of 3.72km stormwater drainage	3,498		2,789	-25%	10,674
Meloding: Provision of 3.5km stormwater drainage	5,036		6,100	17%	16,199
Phomolong: Provision of 3.9km stormwater drainage	3,235		6,143	47%	9,824
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
T 3.9.8					

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:	
The following storm water projects were executed:	
Mmamahabane: Provision of 3.72km storm water drainage	R5.4m
Meloding: Provision of 3.5km storm water drainage	R13.7m
Phomolong: Provision of 3.9km storm water drainage	R7.9m
Sand River Outlet	R13m
There are more storm water challenges in the IDP than what can be addressed with the available funding.	
T3.9.9	

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT
<u>Delete Directive note once comment is completed</u> - Provide brief overview of the opportunities and challenges in the fields of economic development and physical planning field for your municipality.
T 3.10

Chapter 3

3.10 PLANNING

INTRODUCTION TO PLANNING

Delete Directive note once comment is completed - Set out in brief the main elements of your planning strategies (and make particular reference to achievements and challenges in year 0); Town Planning; and building regulation and enforcement). Set out your top 3 service delivery priorities and the impact you have had on them during the year. Set out measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Enviroment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received						
Determination made in year of receipt						
Determination made in following year						
Applications withdrawn						
Applications outstanding at year end						

T 3.10.2

Chapter 3

Planning Policy Objectives Taken From IDP									
Service Objectives Service Indicators (i)	Outline Service Targets (ii)	Year -1		Year 0		Year 1	Year 3		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Determine planning application within a reasonable timescale	Approval or rejection of all build environment applications within a x weeks	Determination within x weeks	Determination within x weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within x weeks	Determination within 11 weeks	Determination within 8 weeks	Determination within 8 weeks
	Reduction in planning decisions overturned	X planning decisions overturned	X planning decisions overturned	5% planning decisions overturned	5% planning decisions overturned	X planning decisions overturned	4% planning decisions overturned	No planning decisions overturned	No planning decisions overturned
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i>									

Chapter 3

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.10.4					

Capital Expenditure Year 0: Planning Services					R' 000
Capital Projects	Year 0				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.10.6					

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

Delete Directive note once comment is completed - Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.10.7

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Despite the fact that the LED Strategy was never approved by Council and still remained a draft that is going through the review process, it is worth noting that certain programmes were executed in promoting economic development and tourism. To this extent, it is worth mentioning that through the collaboration with other sector departments such as Agriculture land and funding was provided to some community groups that were later formalised as co operatives. During the Year 1, support programmes are being instituted to ensure that these projects both contribute in knocking down the poverty and unemployment levels. Regarding tourism, specific programme for improving customer satisfaction has been instituted from Year-1 to the Year 1. This programme was coined the "Tourism Excellence Awards" that demonstrated improvement from strength to strength.

T 3.11.1

Economic Activity by Sector			
			R '000
Sector	Year -2	Year -1	Year 0
Agriculture, forestry and fishing	5.22	4.65	4.45
Mining and quarrying	20.02	22.28	19.39
Manufacturing	6.75	6.50	6.45
Electricity, gas and water	0.27	0.28	0.29
Construction	4.89	4.59	4.71
Wholesale and retail trade, catering and accommodation	26.78	27.14	27.71
Transport, storage and communication	4.02	4.09	4.10
Finance, insurance, real estate and business services	9.33	8.98	8.96
Community, social and personal services	21.51	20.82	20.19
General government	15.22	15.48	16.00
Total	114.02	114.82	112.24

T 3.11.2

COMMENT ON LOCAL JOB OPPORTUNITIES:

Delete Directive note once comment is completed - Comment briefly on the short and longer term prospects for economic growth and development referring to the above. Include in this section references to Tourism and Market Places (including street traders)

T 3.11.4

Chapter 3

Employees: LOCAL ECONOMIC DEVELOPMENT SERVICES				
Job Level	2011/2012			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
IDP & LED & ECON DEV & SPATIAL PLANNING				
0 - 3	3	4		0%
4 - 7	9	5		0%
8 - 14	3	17		0%
15 - 18	0	0		#DIV/0!
Total	15	26	0	0%
TOTAL	30	52	0	0%

T 3.3.8

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Due to the fact that there were no budget allocated for specific LED projects, accept through MIG and as well as ops budget, limited successes were noticed on the year in review. The projects funded through MIG were not complete due to poor performance of service providers accept for one completed project which is the taxi rank. It is envisaged that subsequent to the adoption of the LED strategy which is under review, that appropriate funding will be allocated on the flexi projects identified.

T 3.11.11

COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Delete Directive note once comment is completed – Provide brief introductory comments. Refer to support given to those communities that are living in poverty.

T 3.52

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

Chapter 3

INTRODUCTION TO LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T3.12.1

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

T 3.12.2

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 5	0	1	0	1	100%
7 - 6	2	4	2	2	50%
8	1	2	1	1	50%
10 - 09	13	18	13	5	28%
12 - 11	35	53	35	18	34%
18 - 17	26	27	26	1	4%
Total	78	106	78	28	26%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.12.4

Chapter 3

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	130	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	65	607	650	649	6%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.12.5

Capital Expenditure Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.12.6

Chapter 3

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES;
COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.12.7

3.13 CEMETORIES AND CREMATORIALS

INTRODUCTION TO CEMETORIES & CREMATORIALS

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.13.1

SERVICE STATISTICS FOR CEMETORIES & CREMATORIALS

T 3.13.2

Chapter 3

[illegible]

Chapter 3

Employees: Cemeteries and Crematoriums					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	1	0	1	100%
4-6	0	1	0	1	100%
7-9	4	8	4	4	50%
10-12	2	20	2	18	90%
13-15	19	69	19	50	72%
16-18	25	92	25	67	73%
19-20	0	0	0	0	0
Total	50	191	50	141	74%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					

T 3.13.4

Financial Performance Year 0: Cemeteries and Crematoriums						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	120	125	100	95	-32%	
Expenditure:						
Employees	125	244	250	248	2%	
Repairs and Maintenance	25	244	250	248	2%	
Other	45	244	250	248	2%	
Total Operational Expenditure	195	732	750	744	2%	
Net Operational Expenditure	75	607	650	649	6%	
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						

T 3.13.5

Chapter 3

Capital Expenditure Year 0: Cemeteries and Crematoriums					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.13.6					

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.13.7

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.14.1

SERVICE STATISTICS FOR CHILD CARE

T 3.14.2

Chapter 3

Child Care; Aged Care; Social Programmes Policy Objectives Taken From IDP									
Service Objectives <									

T 3.14.3

Chapter 3

Employees: Child Care; Aged Care; Social Programmes					
Job Level	Year 2010/2011	Year 2011/2012			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		1	1	0	0%
4 - 7		5	2	3	60%
8-14		19	7	12	63%
15-18		0	0	0	#DIV/0!
					#DIV/0!
					#DIV/0!
Total	0	25	10	15	60%
Total					#DIV/0!

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.14.4

Financial Performance Year 0: Child Care; Aged Care; Social Programmes					
R'000					
Details	Year 2011-2012	Year 2012-2013			
	Actual Jul11-12	Original Budget Jul12-Dec12	Adjustment Budget Dec 12	Actual	Variance to Budget
Total Operational Revenue	3296052	3033759	3033759		#DIV/0!
Expenditure:	2476629.11	1234058.37	1234058.37		
Employees	2229532	2033889	2033889		#DIV/0!
Repairs and Maintenance	23947.42	100000	100000		#DIV/0!
Other					#DIV/0!
Total Operational Expenditure	2476629.11	1234050.37	1234050.37	0	#DIV/0!
Net Operational Expenditure	819422.89	1799700.63	1799700.63	0	#DIV/0!

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.14.5

Chapter 3

Capital Expenditure Year 0: Child Care; Aged Care; Social Programmes					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	#DIV/0!	0
Project B	0	0	0	#DIV/0!	0
Project C	0	0	0	#DIV/0!	0
Project D	0	0	0	#DIV/0!	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.14.6					

COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.14.7

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

INTRODUCTION TO ENVIRONMENTAL PROTECTION

Delete Directive note once comment is completed – Provide brief introductory comments.

T 3.14

Chapter 3

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.15.1

SERVICE STATISTICS FOR POLLUTION CONTROL

T 3.15.2

Chapter 3

Pollution Control Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
		(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
Service Objective xxx									
Water and air purity	Water: x% of all readings taken throughout the year on at least weekly to be found acceptable (clean) by National Standards	T0% clean	A0% clean	T1% clean	T1% clean	A1% clean	T2% acceptable	T5% acceptable	T5% acceptable
	Air: x% of all readings taken throughout the year on at least weekly to be found acceptable by National standard	T0% clean	A0% clean	T1% clean	T1% clean	A1% clean	T2% acceptable	T5% acceptable	T5% acceptable
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									
T 3.15.3									

T 3.15.3

Chapter 3

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

T 3.16.2

Chapter 3

Bio-Diversity; Landscape and Other Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>To ensure an effective urban & environmental greening program</i>									
	Planting of trees	500 per annum	533	500 per annum	500 per annum	626 per annum	500 per annum		
	Establish new parks	3 per annum	0	3 per annum	10 per annum	0	10 per annum		
	Maintenance of develop parks	420 per annum	420	420 per annum	420 per annum	420	420 per annum		
	Remove decrepit dangerous & unwanted trees	400 per annum	3143	400 per annum	400 per annum	3194	400 per annum		
	Pruning of trees	8000 per annum	5765	8000 per annum	8000 per annum	8458	8000 per annum		
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									

Chapter 3

Employees: Bio-Diversity; Landscape and Other					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0
4 - 6	3	3	3	0	0
7 - 9	6	8	6	2	0.25
10 - 12	7	15	7	8	0.533333333
13 - 15	9	15	9	6	0.4
16 - 18	11	21	11	10	0.476190476
19 - 20	18	30	18	12	0.4
Total	55	93	55	38	0.408602151
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p style="text-align: right;">T 3.16.4</p>					

Financial Performance Year 0: Bio-Diversity; Landscape and Other					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p style="text-align: right;">T 3.16.5</p>					

Chapter 3

Capital Expenditure Year 0: Bio-Diversity; Landscape and Other					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.16.6

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.16.7

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

Public Safety 7 Transport
Objective of the Public Safety Department

The main objective of the Public Safety is to provide administration leadership and strategic guidance and ensuring safety environment within the municipality in fulfilling its mandate.

Our Approach to Improve Public Safety

Chapter 3

The Department of Public Safety will endeavour to:

- Share Information
- Guide and support each other.
- Draft policies, standard operating procedures and standing orders
- Render a reliable, customer focused service
- Apply the "Batho Pele" Principles
- Respect each other, person's views and suggestions
- Clarify roles and responsibilities
- Communicate with each other
- Make ourselves available for service at all times
- Abide by all legislative requirements and promote the government's mandate
- Implement capacity building programmes

INTRODUCTION TO SAFETY & SECURITY OVERVIEW

Security Services

Public Safety is entrusted with a responsibility of safe guarding valuable Council's assets and resources.

Analysis of the Function

The Municipality has a mandate to:-

- Ensure Public Safety strategies and solutions in participation with public partnerships and SAPS
- Our mandate is derived from chapter 7 of the Constitution of the Republic of South Africa

As a Public Safety Department, our function is to implement council's policies, bylaws and functions are underpinned by the following National Acts :-

- National Road Traffic Act 93/1996
- Disaster Management Act 57/2000
- Municipal Finance Management Act 53/2003
- Municipal Systems Act 32/2000
- Municipal Demarcation Act 27/1998
- National Fire Brigade Service Act 99/1987
- Municipal Structures act 117/1998
- Intergovernmental relations framework Act 13/2005
- Criminal Procedure Act 51/1977
- Relevant government gazette and guidelines

INTRODUCTION TO TRAFFIC POLICING OVERVIEW

- The Traffic Division is responsible for traffic law enforcement and the administration thereof. The function also ensures the technical sustainability of road traffic signs, signals and markings throughout the Municipal Area.

The Function of Traffic Policing

- To enforce traffic law
- To conduct public information and awareness programs

Chapter 3

- Enforce compliance to road traffic signs, rules and regulations
- To ensure a sustainable and successful maintenance strategy of road signs, signals and markings
- To maintain committed goals through direct enforcement and Traffic Control
- Responsible for all administration duties such as receiving of traffic fines, capturing of data e.g. Traffic collisions, issued summonses and Court rolls as well as general office work
- The Technical Division is responsible for Road Marking, Erecting of Road signs and sustaining thereof

ANALYSIS OF THE FUNCTION

The strategic objectives of this function are:-

- To enforce traffic law
- To conduct public information and awareness programs
- To enforce compliance to road traffic signs, rules and regulations

THE KEY ISSUES FOR 2011/2012 ARE:

- Budget constraints
- Major personnel shortages
- Shortages of traffic

ACHIEVEMENTS

- Procurement and installation of E-Natis system (National Information Traffic System)
- Approval of tender for the supply of back office support system and Law Enforcement equipment
- Celebration of Khanya project
- Celebration of Summer Holiday Programme

T 3.20

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

OVERVIEW

- Matjhabeng Fire and Rescue Services is responsible for two primary functions to our citizens which is emergency response to a myriad of calls, mostly fire suppression and technical rescue; not limited to the provision of locally mandated fire prevention services including fire safety inspections, fire code enforcement along with public education.

The functions of Emergency Services of the municipality are administered as follows and include:

OPERATIONAL

- Residential Fires
- Institutional fires
- Public assembly fires
- Commercial fires
- Industry fires
- Utility fires
- Transport fires
- Other fires
- Vehicle fires

Chapter 3

- Vehicle accidents
- Hazardous substances incidents
- Miscellaneous assistance to people

T 3.21.1

Fire safety activities

- Fire prevention inspections.
- Building plans inspected.
- Hazardous substances installation inspections
- Fire hydrant inspections

Public Education and Awareness Programs

- Presenting of fire awareness session/ programs to school groups and community members.
- Presenting fire training sessions to the community businesses and municipal staff

During 2011/12 the Fire and Rescue Service biggest difficulty experience was the old fire engine fleet.

Challenges

Operational—There were problems with regards to fire calls attended because we did not comply to the SANS code of conduct because of the shortage of fire engines.

Fire safety ---There was no impact everything was achievable.

Disaster management---We had incidents that could have lead to disaster but we had capacity to handle them as they come.

The measures taken to address the problems we had, was to purchase new fire engine that would be a combination of the fire fighting equipment's and rescue equipment in one truck. Salvage sheets, sludge pumps as well as JOJO tanks were purchased.

Chapter 3

T 3.21.1

T 3.21.1

Metropolitan Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	698		698	
2	Total of other incidents attended in the year	556		556	
3	Average turnout time - urban areas	21minutes		21minutes	
4	Average turnout time - rural areas	1h00		1h00	
5	Fire fighters in post at year end				
6	Total fire appliances at year end	4		4	
7	Average number of appliance off the road during the year	2		2	
T 3.21.2					

Concerning T3.21.2

Delete Directive note once table is completed - Average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call and analysing the record. Average Fire appliances off the road. The average number of busses off the road is obtained by sampling the number off the road on different days at different times.

T 3.21.2.1

Chapter 3

Fire Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
Turnout time compared to National guidelines	% turn out within guidelines (total number of turn outs)	T0% within guidelines	A0% within guidelines or x if x is larger	T1% within guidelines or A0% if that is larger	70% within guidelines or A0% if that is larger	A1% within guidelines	75% within guidelines or A1 if that is larger; (xxxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxxx emergency turn outs in year)	95% within guidelines or A4 if that is larger; (xxxxx emergency turn outs in year)
Moderate	Fire calls	40725	41090	41061	41090				
Moderate	Rescue calls	40725	41090	41061	41090				
Complied	Specials calls	40725	41090	41061	41090				
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *Current Year' refers to the targets set in the Year 0 Budget/IDP round. *Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergraded Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i>									
T 3.21.3									

T 3.21.3

Chapter 3

Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer	0	1	0	1	100%
Assistant Chief Fire Officer or Deputy	2	2	2	0	0%
Divisional Fire Officer	3	4	3	1	25%
Station Officers	13	18	13	5	28%
Fire Fighters	73	73	73	0	0%
Control Room Attendants	2	4	2	2	50%
Typist Clerk	1	2	1	1	50%
General Workers	0	8	0	8	100%
Other Fire Officers					
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	94	112	94	18	16%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.
**Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T3.21.4

Financial Performance Year 0: Fire Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Fire fighters					
Other employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.21.5

Chapter 3

Capital Expenditure Year 0: Fire Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
					T 3.21.6

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.21.7

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

T 3.22.2

Chapter 3

[illegible]

Chapter 3

Employees: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Divisional Disaster Management Officer	1	1	1	1	100%
Station Officers	0	2	0	2	100%
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	1	3	1	3	100%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p style="text-align: right;">T 3.22.4</p>					

Financial Performance Year 0: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p style="text-align: right;">T 3.22.5</p>					

Chapter 3

Capital Expenditure Year 0: Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.22.6					

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.22.7

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.23

Chapter 3

3.23 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

T 3.23.1

Chapter 3

Sport and Recreation Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 0		Year 1		Year 2	Year 3		
		Target	Actual	Target		Actual	Target		
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
To ensure that basic sport and recreation facilities are available to all communities	20	20	2	20	2	2	18	18	18
To ensure the existance of progams that develop human potential through sport and recreation	8	8	1	7	1	1	7	7	7
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i></p>									T 3.23.2

Chapter 3

Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p style="text-align: right;">T 3.23.3</p>					

Financial Performance Year 0: Sport and Recreation					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p style="text-align: right;">T 3.23.4</p>					

Chapter 3

Capital Expenditure Year 0: Sport and Recreation					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.23.5

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.23.6

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc

Delete Directive note once comment is completed – Provide brief introductory comments.

T 3.24

Chapter 3

3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year.

T 3.24.1

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

T 3.69.2

Chapter 3

[illegible]

Chapter 3

Employees: OFFICE OF THE EXEC MAYOR AND COUNCIL					
Job Level	2010/2011	2011/2012			
	Employees	Posts	Employees / Councillors	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3		80	82	-2	-3%
4 - 7		19	10	9	47%
8 - 14		3	13	-10	-333%
15 - 18		1	0	1	100%
Total	0	103	105	-2	-2%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.24.4

Financial Performance Year 0: The Executive and Council					
R' 000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.24.5

Capital Expenditure Year 0: The Executive and Council					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

T 3.24.6

Chapter 3

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.24.7

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

Delete Directive note once comment is complete – Provide brief introductory comments. Set out priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by financial service during the year.

T 3.25.1

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates			159,069	159,069			
Electricity - B			28,960	28,960			
Electricity - C			408,088	408,088			
Water - B			3,294	3,294			
Water - C			255,447	255,447			
Sanitation			116,471	116,471			
Refuse			73,453	73,453			
Other			132,030	132,030			
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							

T 3.25.2

Chapter 3

Concerning T 3.25.2

Delete Directive note once table is completed – The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues.

T 3.25.2.1

Chapter 3

Financial Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 0		Year 1			Year 2	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
To increase payment levels to 75%	% increase in the payment rate	75% payment rate	64% payment rate	75% payment rate	75% payment rate	55% payment rate	85% payment rate	85% payment rate	90% payment rate
To practice sound and sustainable financial management	% decrease in audit queries	75% decrease in audit queries	25% decrease in audit queries	75% decrease in audit queries	75% decrease in audit queries	50% decrease in audit queries	75% decrease in audit queries	95% decrease in audit queries	95% decrease in audit queries
To obtain a clean audit in 2014	% decrease in audit queries	75% decrease in audit queries	25% decrease in audit queries	75% decrease in audit queries	75% decrease in audit queries	50% decrease in audit queries	75% decrease in audit queries	95% decrease in audit queries	95% decrease in audit queries
To practice sound and sustainable expenditure management	Creditors Age Analysis	All creditors to be paid within 30 days	28% of creditors on 30 days	All creditors to be paid within 30 days	All creditors to be paid within 30 days	18% of creditors on 30 days	All creditors to be paid within 30 days	All creditors to be paid within 30 days	All creditors to be paid within 30 days
<i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</i>									
T 3.25.3									

T 3.25.3

Chapter 3

Employees: FINANCE					
Job Level	2010/2011	2011/2012			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Chief Financial Officer					
0 - 3		1	2	-1	-100%
4 - 7		0		0	#DIV/0!
8 - 14		1		1	100%
15 - 18		0		0	#DIV/0!
Total	0	2	2	0	0%
Budget (Assessts & Liabilities, Stores, SCM, Salaries, Market, Finance Admin)					
0 - 3		4		4	100%
4 - 7		16	15	1	6%
8 - 14		39	33	6	15%
15 - 18		18	16	2	11%
Total	0	77	64	13	17%
Treasury (Income & Expenditure, Revenue)					
0 - 3		4	2	2	50%
4 - 7		10	11	-1	-10%
8 - 14		128	87	41	32%
15 - 18		1		1	100%
Total	0	143	100	43	30%
TOTAL	0	222	166	56	25%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T 3.25.4

Financial Performance Year 0: Financial Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	271,578	186,325	186,325	241,402	23%
Expenditure:					
Employees	35,793	38,140	38,140	37,905	-1%
Repairs and Maintenance	8	1,036	1,036	466	-122%
Other	44,444	17,700	17,700	19,163	8%
Total Operational Expenditure	80,245	56,876	56,876	57,534	1%
Net Operational Expenditure	191,333	-129,449	-129,449	-183,868	30%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

T 3.25.5

Chapter 3

Capital Expenditure Year 0: Financial Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2000	1500	922	-117%	
Fencing of Fresh Produce Market	2000	1500	922	-117%	2000
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.25.6

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.25.7

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Delete Directive note once comment is complete – Provide brief introductory comments. Set out priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by HR service during the year.

T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

T 3.26.2

Chapter 3

[illegible]

Chapter 3

Employees: HUMAN RESOURCES					
Job Level	2010/2011	2011/2012			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Human Resources (Personnel, Training & Health & Safety)					
0 - 3		3	2	1	33%
4 - 7		14	8	6	43%
8 - 14		18	12	6	33%
15 - 18		0		0	#DIV/0!
Total	0	35	22	13	37%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T 3.26.4

Financial Performance Year 0: Human Resource Services					
R' 000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.26.5

Capital Expenditure Year 0: Human Resource Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.26.6

Chapter 3

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.26.7

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The plan is to keep to the IDP and implement the upgrading of the ICT infrastructure.

T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

T 3.27.2

Chapter 3

[illegible]

Chapter 3

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 5	1	1	1	0	0%
7 - 6	1	1	1	1	100%
8	3	3	3	3	100%
10 - 9	9	4	9	0	0%
Total	14	10	14	5	50%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.27.4

Financial Performance Year 0: ICT Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	125	2598522	0	1613723	-61%
Repairs and Maintenance	25	2792180	0	1130875	-147%
Other	45	10777532	0	2960598	-264%
Total Operational Expenditure	195	16168234	0	5705196	-183%
Net Operational Expenditure	195	16168234	0	5705196	-183%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.27.5

Capital Expenditure Year 0: ICT Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).

T 3.27.6

Chapter 3

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The IDP shows that one of the ICT objectives is to upgrade and maintain ICT infrastructure. ICT has one Objective in its IDP, namely Upgrading and maintenance of ICT Infrastructure. The project addressing this objective involves liaising with SITA on implementation of Government wide webpage development. In the meantime the provincial department came on board to assist the municipality in maintaining its website but the process has not been fully successful additional efforts between the municipality and the Office of the Premier are been implemented to rectify the challenges.

On the infrastructure side the municipality has succeeded in upgrading the personal computers of about 100 users and this has been in accordance with the budget.

T3.27.7

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Delete Directive note once comment is completed – Provide brief introductory comments. Set out priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by Property, legal, risk management and procurement services during the year.

T3.28.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

T 3.28.2

Chapter 3

[illegible]

Chapter 3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p style="text-align: right;">T 3.28.4</p>					

Financial Performance Year 0: Property; Legal; Risk Management and Procurement Services					
					R'000
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-32%
Expenditure:					
Employees	125	244	250	248	2%
Repairs and Maintenance	25	244	250	248	2%
Other	45	244	250	248	2%
Total Operational Expenditure	195	732	750	744	2%
Net Operational Expenditure	75	607	650	649	6%
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p style="text-align: right;">T 3.28.5</p>					

Chapter 3

Capital Expenditure Year 0: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260	326	378	31%	
Project A	100	130	128	22%	280
Project B	80	91	90	11%	150
Project C	45	50	80	44%	320
Project D	35	55	80	56%	90
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.28.6					

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:

Delete Directive note once comment is completed – Explain the priority of the four largest capital projects and explain the variations from budget for net operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

T 3.28.7

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

INTRODUCTION TO MISCELLANEOUS

Delete Directive note once comment is completed – Provide brief introductory comments. Set out priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by this service during the year.

T 3.29.0

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

Delete Directive note once comment is completed - Provide a brief introduction to your municipality's organizational development function.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees				
Description	2011/12			
	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	%
OFFICE OF THE MAYOR & COUNCIL	103	105	-2	-2%
OFFICE OF THE MUNICIPAL MANAGER	22	18	4	18%
STRATEGIC SERVICES	87	74	13	15%
Exec Director	2	2	0	0%
Communication Services	36	14	22	61%
Unit Managers	6	4	2	33%
Switchboard	10	8	2	20%
Theatre	8	7	1	13%
ICT	10	13	-3	-30%
IDP & LED	15	26	-11	-73%
CORPORATE SERVICES	188	146	42	22%
Exec Director	2	0	2	100%
Council Admin	109	97	12	11%
Org Efficiency Studies	5	4	1	20%
Human Resources	35	22	13	37%
Legal Services and Labour Relations	12	13	-1	-8%
Social & Community Development	25	10	15	60%
SOCIAL & COMMUNITY SERVICES	1788	1170	618	35%
Exec Director	2	15	-13	-650%
Waste Management	495	371	124	25%
Parks, Sport & Recreation	734	424	310	42%
Security and Transport	471	286	185	39%
Library & Info Services	86	74	12	14%

Chapter 4

FINANCE	222	166	56	25%
CFO	2	0	2	100%
Budget	77	66	11	14%
Treasury	143	100	43	30%
INFRASTRUCTURE	1304	443	861	66%
Exec Director	4	2	2	50%
Admin Auxiliary Services	9	24	-15	-167%
Planning	18	7	11	61%
Roads, Stormwater & Buildings	474	234	240	51%
Water & Sewerage	532	102	430	81%
Town Planning & Housing	66	37	29	44%
Electrical	172	15	157	91%
Mechanical Workshop	29	22	7	24%
Totals	3714	2122	1592	43%

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.

T 4.1.1

Vacancy Rate: Year 0			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	10	1	10.00
Other S57 Managers (Finance posts)	3	1	33.33
Police officers	12	3	25.00
Fire fighters	20	3	15.00
Senior management: Levels 13-15 (excluding Finance Posts)	25	5	20.00
Senior management: Levels 13-15 (Finance posts)	6	2	33.33
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	8	22.86
Highly skilled supervision: levels 9-12 (Finance posts)	8	1	12.50
Total	121	25	20.66

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 4.1.2

Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year -2	50	18	36%
Year -1	50	12	24%
Year 0	50	10	20%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

Delete Directive note once comment is completed - Detail the attempts made to fill the posts of senior management and highly skilled supervision and explain why there are no appropriate internal staff to fill the vacancies. Explain how long, at a minimum, the section 57 vacancies (including MM and CFO) have remained unfilled and the reasons for this. Give reasons for the turnover rate experienced by your municipality. Explain measures taken to successfully attract and retain staff.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

Delete Directive note once comment is completed – Discuss the range and emphasis of workforce management at your municipality and briefly mention progress made with the development of workforce policies and management practices during the year.

T 4.2.0

Chapter 4

4.2 POLICIES

HR Policies and Plans (Personnel)				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action			
2	Attraction and Retention			
3	Code of Conduct for employees	100%		
4	Delegations, Authorization & Responsibility	100%	0%	Not yet approved by Council
5	Disciplinary Code and Procedures	100%		Part of collective agreement
6	Essential Services	100%		Part of collective agreement on minimum services
7	Employee Assistance / Wellness			
8	Employment Equity	100%	0%	October 2003
9	Exit Management			
10	Grievance Procedures	100%		Part of collective agreement
11	HIV/Aids	100%		
12	Human Resource and Development			
13	Information Technology			
14	Job Evaluation			
15	Leave		0%	Conditions of Service
16	Occupational Health and Safety	100%		Occupational Health and Safety Act
17	Official Housing			
18	Official Journeys			
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime	100%	0%	Conditions of Service & BCEA
21	Organizational Rights			
22	Payroll Deductions			
23	Performance Management and Development	100%		June 2010
24	Recruitment, Selection and Appointments	100%	0%	28-Nov-06
25	Remuneration Scales and Allowances	100%	0%	July 2012
26	Resettlement			
27	Sexual Harassment	100%	0%	29-Jul-12
28	Skills Development	100%		July 2007
29	Smoking			
30	Special Skills			
31	Work Organization			
32	Uniforms and Protective Clothing			
33	Other: Termination of Services due to Ill Health			
	Termination of Services due to Poor Work Performance			

Chapter 4

Use name of local policies if different from above and at any other HR policies not listed.

T 4.2.1

HR Policies and Plans				
	Name of policy	Comp %	Reviewed	Date adopted by council or comment on failure to adopt
	Study Assistance Scheme	100%	100%	29 January 2008
	Employment Equity Policy and Plan	100%	23 February 2005	25 November 2003
	Skills Development Policy	100%		30 April 2002
	Control Measures: Attendance of External Training Events	100%		20 July 2005
	Annual Workplace Skills Plan (WSP)	100%		
	Induction Policy	100%	17 September 2008	27 February 2007
	Learnership Policy	100%	Compiled	To be adopted
	Promotion and Transfer Policy	100%		17 September 2008

T 4.2.1

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Delete Directive note once comment is completed – Comment on progress made during the year and plans for completing this work.

T 4.2.1.1

Chapter 4

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	60	5	8%	12	60
Temporary total disablement					
Permanent disablement					
Fatal					
Total	60	5	8%	12	60

T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Sick leave without note	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post on 30/6/2012	*Average sick leave per Employee
	Days	Days	%	No.	No.	Days
MM And Section 57	2	0	0.00%	1	6	0.33
Job levels 2 - 3	196	16	8.16%	24	130	1.51
Job levels 4 - 7	1188	108	9.09%	127	198	6.00
Job levels 8 - 14	6192	431	7.00%	520	818	7.57
Job levels 15 - 18	5402	205	3.80%	546	976	5.53
Total	12980	760	5.90%	1218	2128	6.10

* - Number of employees in post at the beginning of the year

*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2

Chapter 4



T 4.3.3

COMMENT ON INJURY AND SICK LEAVE:

Delete Directive note once comment is completed – Comment on injury and sick leave indicated in the above tables. Explain steps taken during the year to reduce injuries and follow-up action in relation to injury and sick leave (e.g. are injuries examined by the municipality's own doctor; are those taking long or regular periods of sick leave monitored by municipality's doctor; and are personal records maintained of the number of instances of sick leave and amount of time taken each year?)

T 4.3.4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalized	Date Finalized
Senior Clerk	Alleged financial misconduct	13/3/2012	Suspension uplifted as the period of suspension exceeded 3 months and the ACFO confirmed that there is no witnesses to proof the employee's involvement in the alleged misconduct	5/11/2012

T 4.3.5

Chapter 4

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalized
Assistant Artisan Grl	Par.2.7.2 - Misuse of council property	Not Guilty	13/3/2012
General Worker	Par.1.2.9 - Refrain from rude abusive language towards member of public or fellow employee	Case withdrawn	22/3/2012
Assistant Superintendant	Par.1.2.4 - Failed to obey lawful instruction Par.1.2.5 - Failed to conduct yourself with honesty and integrity	Case withdrawn	6/12/2011
Typist / Clerk	Par.1.2.7 - Absent without permission	Department indicated they do not wish to continue with disciplinary processes. File was closed accordingly	13/2/2012
Admin Officer	Par.2.7.9 - Any act of bribery or corruption	Case withdrawn	9/2/2012
Finance	Par.2.7.1 - Fighting, intimidation and or assault	Not Guilty	22/12/2011
General Worker	Par.1.2.7 - Absent without permission	Guilty - Final written warning	29/2/2012
General Worker	Par.1.2.9 - Refrain from rude abusive language towards member of public or fellow employee	Case withdrawn	22/2/2012
Driver Grade III	Par.1.2.13 - Refrain from consuming alcohol or using intoxicating drugs whilst on duty	Case withdrawn	16/1/2012
Security Officer	Par.2.7.1 - Fighting, intimidation and or assault	Case dismissed by the Presiding Officer	16/2/2012
Credit Control Finance	Par.1.2.9 - Refrain from rude abusive language towards member of public or fellow employee	Not Guilty	23/7/2012
Operator	Par.1.2.4 - Failed to obey lawful instruction	Case withdrawn	22/2/2012
Team Leader	Par.1.2.7 - Abscondment	Guilty - employee dismissed	6/8/2012
Senior Building Inspector	Par.2.7.7 - Refusal to submit building inspection report	Not Guilty	16/5/2012
Senior Building Inspector	Par.2.7.1 - Fighting, intimidation and or assault Par.2.7.7 - Gross insubordination	Case dismissed due to non attendance by the Employer Representative	14/8/2012
Building Inspector	Par.2.7.7 - Gross insubordination	Not Guilty	14/5/2012
General Worker	Incapacity process - employee is currently incarcerated	Peyper Attorneys is handling the process. Letters were addressed to the incarcerated employee to respond. No response received	not finalized

Chapter 4

		5/11/2012 - Letter to Messrs Peyper Attorneys to provide progress on the matter	
Security Officer	Par.2.7.2 - Theft, unauthorized possession of council property	Case withdrawn	23/5/2012
Fire Fighter	Par.1.2.9 - Refrain from rude abusive language towards member of public or fellow employee	Department had to apply for condonation at the Bargaining Council due to the time frame of 3 months being exceeded	not finalized
Fire Fighter	Par.1.2.9 - Refrain from rude abusive language towards member of public or fellow employee	Department had to apply for condonation at the Bargaining Council due to the time frame of 3 months being exceeded	not finalized
Senior Clerk	Par.2.7.5 - Gross dishonesty	Case withdrawn subject to further investigation	26/9/2012
Security Officer	Par.1.2.4 - Failed to obey lawful instruction	Case withdrawn	15/6/2012
Security Officer	Par.1.2.7 - Absent without permission	Case withdrawn	12/6/2012
Fire Fighter	Par.1.2.7 - Absent without permission	Guilty - written warning	3/7/2012
Fire Fighter	Par.2.7.6 - Gross negligence	Case withdrawn	6/11/2012
Fire Fighter	Par.2.7.6 - Gross negligence	Presiding Officer ruled that the dispute SAMWU lodged relating to the interpretation of the Collective Agreement (Disciplinary Code) must take its course and that the matter will be kept in abeyance until ruling is received from Bargaining Council	not finalized
Senior Building Inspector	Par.2.7.1 - Fighting, intimidation and / or assault	Not Guilty	15/8/2012
Fire Fighter	Par.2.7.7 - Gross insubordination	Guilty - written warning	13/11/2012
Petrol Attendant	Par.1.2.7 - Absent without permission	Department applied for condonation at the Bargaining Council due to the time frame of 3 months being exceeded	not finalized
Fire Fighter	Par.1.2.4 - Failed to obey lawful instruction Par.1.2.9 - Refrain from rude abusive language towards member of public or fellow employee Par.1.2.7 - Absent without permission	Case dismissed due to lack of evidence	16/10/2012
Contract Worker	Par.1.2.4 - Failed to obey lawful instruction	Case withdrawn	31/10/2012
Clerk	Par.2.7.7 - Gross insubordination	Case withdrawn by Employer Representative because the services of the key witness has been terminated	5/9/2012
Clerk	Par.2.7.7 - Gross insubordination	Case withdrawn by Employer Representative because the services of the key witness has been terminated	5/9/2012
Fire Fighter	Par.2.7.5 - Gross dishonesty	Senior Chief Labour Relations Officer informed Branch that he is still awaiting the outcome from the Presiding Officer. At time of submission of the report the information was not submitted.	30/8/2012

Chapter 4

Building Inspector	Par.2.7.7 - Gross insubordination	Guilty - written warning	27/8/2012
General Worker	Par.2.7.5 - Gross dishonesty	Presiding Officer ruled that the Department is to apply for condonation at the Bargaining Council as the time limit in which the disciplinary hearing must take place exceeded 3 months	18/6/2012
Building Inspector	Par.1.2.4 - Failed to obey lawful instruction	Guilty - written warning	31/1/2012
T 4.3.6			

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

Delete Directive note once comment is complete – Comment on suspension of more than 4 months and on other matters as appropriate.

T 4.3.7

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	20	9		45%
	Male	30	12		
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male				
Total		50	21		
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
<p>Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</p>					
T 4.4.1					

Chapter 4

COMMENT ON PERFORMANCE REWARDS:

Delete Directive note once comment is completed – Comment as appropriate.

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

Delete Directive note once comment is completed – Discuss the way ahead and the improvements made and the challenges faced for capacity development in your municipality.

T 4.5.0

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female													
	Male		4		4									
Councillors, senior officials and managers	Female		3		3	2		2						
	Male		5		5	12		12						
Technicians and associate professionals*	Female		1		1	63		63	1		1			
	Male		12		12	49		49	5		5			
Professionals	Female		1		1	23		23						
	Male		2		2	15		15						
Sub total	Female		5		5	88		88						
	Male		23		23	76		76						
Total		0	28	0	28	164	0	164	6		6			

*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

Chapter 4

Skills Development Expenditure										
										R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female									
	Male			5						5
Legislators, senior officials and managers	Female			2						2
	Male			6						6
Professionals	Female									
	Male			1						1
Technicians and associate professionals	Female									
	Male									
Clerks	Female									
	Male									
Service and sales workers	Female									
	Male									
Plant and machine operators and assemblers	Female									
	Male									
Elementary occupations	Female									
	Male									
Sub total	Female			2						2
	Male			12						12
Total		0	0	14	0	0	0	0		14
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R
T4.5.3										

Chapter 4

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

Delete Directive note once comment is completed – Comment on the adequacy of training plans and the effectiveness of implementation at your municipality. Explain variances between actual and budgeted expenditure. Also comment on the adequacy of funding (e.g. is it intended to increase or decrease this level of spending in future years and how is the value of the training activity assessed?) Refer to MFMA Competency Regulations, the range of officials to which it relates and the deadline of 2013 by which it will become fully effective. Discuss the progress made on implementation at your municipality as reflected in T4.5.4 above.

T 4.5.4

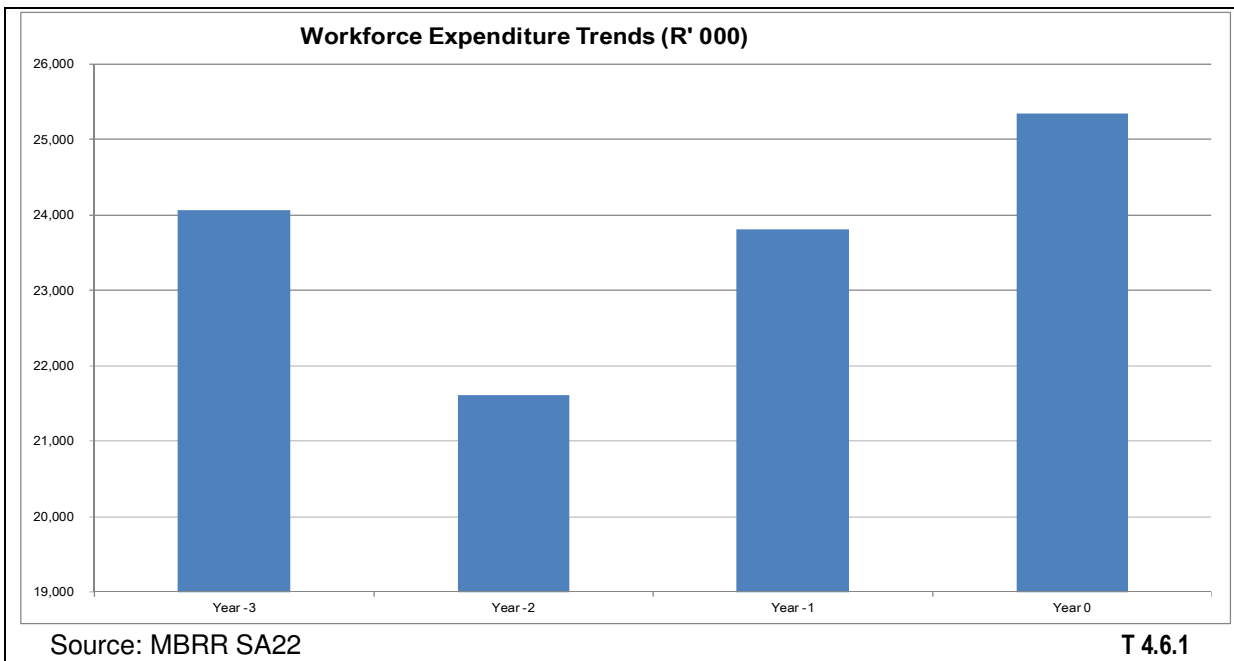
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Delete Directive note once comment is completed – Explain the importance of managing workforce expenditure, the pressures to overspend and how spending is controlled (e.g. within approved establishment and against budget and anticipated vacancy rates arising from turnover). Also explain how municipality seeks to obtain value for money from work force expenditure.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE



T 4.6.1

Chapter 4

COMMENT ON WORKFORCE EXPENDITURE:

Delete Directive note once comment is completed – Explain the spending pattern in the context of the actual and two previous years plus the budget year. Refer to implications for workforce ratio in Chapter 5. Comment on factors influencing workforce expenditure during the year.

T 4.6.1.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	
	Male	
Skilled (Levels 3-5)	Female	
	Male	
Highly skilled production (Levels 6-8)	Female	
	Male	
Highly skilled supervision (Levels 9-12)	Female	
	Male	
Senior management (Levels 13-16)	Female	
	Male	
MM and S 57	Female	
	Male	
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as		T 4.6.2

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

Delete Directive note once comment is completed – Comment on T4.6.2 as appropriate and give further explanations as necessary with respect to T4.6.3 and T4.6.4.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

Delete Directive note once comment is completed – Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in **Appendix J**. Make other comments as appropriate.

T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

Delete Directive note once comment is completed - Please explain how your municipality sought to contain inflationary pressures during the financial year. Take the 5 most expensive consultancy arrangements in year 0 and explain the costs, the reasons for the engagements and the results. Include such other introductory remarks as you wish.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Note: Statements of Revenue Collection Performance by vote and by source are included at Appendix K.

Delete Directive note once comment is completed - This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

T 5.1.0

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

[illegible]

Chapter 5

Total sources of capital funds															
Cash flows															
Net cash from (used) operating	975,357		975,357			975,357									
Net cash from (used) investing	(27,455)		(27,455)			(27,455)									
Net cash from (used) financing	–		–			–									
Cash/cash equivalents at the year end															
T 5.1.1															

Chapter 5

Financial Performance of Operational Services						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	26,485	23,572	28,075	23,042	-2.30%	-21.84%
Waste Water (Sanitation)	8,541	8,285	9,054	8,456	2.02%	-7.07%
Electricity	12,355	10,254	12,478	13,219	22.43%	5.61%
Waste Management	14,232	13,235	13,662	12,097	-9.41%	-12.94%
Housing	6,542	5,496	5,954	6,346	13.40%	6.19%
Component A: sub-total	68,155	60,842	69,222	63,161	3.67%	-9.60%
Waste Water (Stormwater Drainage)	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Roads	5,643	5,530	5,925	5,304	-4.26%	-11.70%
Transport	5,322	4,470	5,747	4,630	3.45%	-24.14%
Component B: sub-total	16,607	8,455	8,624	9,554	11.50%	9.73%
Planning	1,254	1,003	1,191	1,354	25.93%	12.04%
Local Economic Development	2,516	2,063	2,264	2,340	11.83%	3.23%
Component B: sub-total	3,769	3,066	3,455	3,693	17.00%	6.46%
Planning (Strategic & Regulatory)	12,546	10,413	11,793	11,542	9.78%	-2.17%
Local Economic Development	2,355	2,190	2,425	2,402	8.82%	-0.98%
Component C: sub-total	14,900	12,603	14,218	13,944	9.62%	-1.97%
Community & Social Services	4,565	3,698	4,337	4,291	13.83%	-1.06%
Environmental Protection	5,649	4,971	6,157	4,971	0.00%	-23.86%
Health	5,649	4,971	6,157	4,971	0.00%	-23.86%
Security and Safety	5,649	4,971	6,157	4,971	0.00%	-23.86%
Sport and Recreation	5,649	4,971	6,157	4,971	0.00%	-23.86%
Corporate Policy Offices and Other	5,649	4,971	6,157	4,971	0.00%	-23.86%
Component D: sub-total	32,808	28,552	35,122	29,145	2.04%	-20.51%
Total Expenditure	136,240	113,518	130,642	119,497	5.00%	-9.33%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2

COMMENT ON FINANCIAL PERFORMANCE:

Delete Directive note comment is completed – Comment on variances above 10%.

T 5.1.3

Chapter 5

5.2 GRANTS

Grant Performance						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	359,917	393,649	–	391,182		
Equitable share	358,900	392,899	–	390,659	0.57%	(0)
Municipal Systems Improvement	1,017	750	–	523	30.31%	(0)
			–			
Provincial Government:	1,000	1,000	–	1,450		
Health subsidy	–			–		
Housing	–			–		
Ambulance subsidy	–			–		
Sports and Recreation	–			–		
0-Jan-00	1,000	1,000		1,450	-45.00%	(0)
District Municipality:	–	–	–	–		
<i>[insert description]</i>						
Other grant providers:	–	–	–	–		
<i>[insert description]</i>						
Total Operating Transfers and Grants	360,917	394,649	–	392,632		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						

T 5.2.1

Chapter 5

COMMENT ON OPERATING TRANSFERS AND GRANTS:

*Note: For Municipal Infrastructure Grant (MIG) see T5.8.3. For other conditional transfers including Neighborhood Development Partnership Grant (NDPG); Public Transport Infrastructure and Systems Grant (PITS) see **Appendix L**.*

Delete Directive note once comment is completed – Comment on the variances in the above table and other and indicate high value projects & total the remaining project.

T 5.2.2

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Foreign Governments/Development Aid Agencies						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Private Sector / Organisations						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Provide a comprehensive response to this schedule						T 5.2.3

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

Delete Directive note once comment is completed – Use this box to provide additional information on grant benefits or conditions and reason for acceptance. Please also provide comments on grant surrendered to the National Revenue Fund with reasons that led to this.

T 5.2.4

Chapter 5

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Delete Directive note once comment is completed - Provide a brief overview on Asset Management as practiced within your organisation and outline the key elements of your Asset Management Policy. Explain how asset management is organised, the staff involved and the key delegations. Describe key issues under development. Indicate the approach to capacity development for this activity. Refer to the illustrations of asset management approach in relation to the new assets set out below.

T 5.3.1

Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name				
Description				
Asset Type				
Key Staff Involved				
Staff Responsibilities				
	Year -3	Year -2	Year -1	Year 0
Asset Value				
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
				T 5.3.2

Chapter 5

COMMENT ON ASSET MANAGEMENT:

Delete Directive note once comment is completed – With reference to the three projects approved in the year, set out above, describe how these projects were evaluated from a cost and revenue perspective, including Municipal tax and tariff implications (See MFMA section 19 (2) (a) & (b) and MSA section 74 (2) (d), (e) & (i)). Ensure that these projects are maintained on files that are readily accessible for audit inspection. Financial data regarding asset management may be sourced from **MBRR Table A9**

T 5.3.3

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	112360	0	36209	68%
T 5.3.4				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

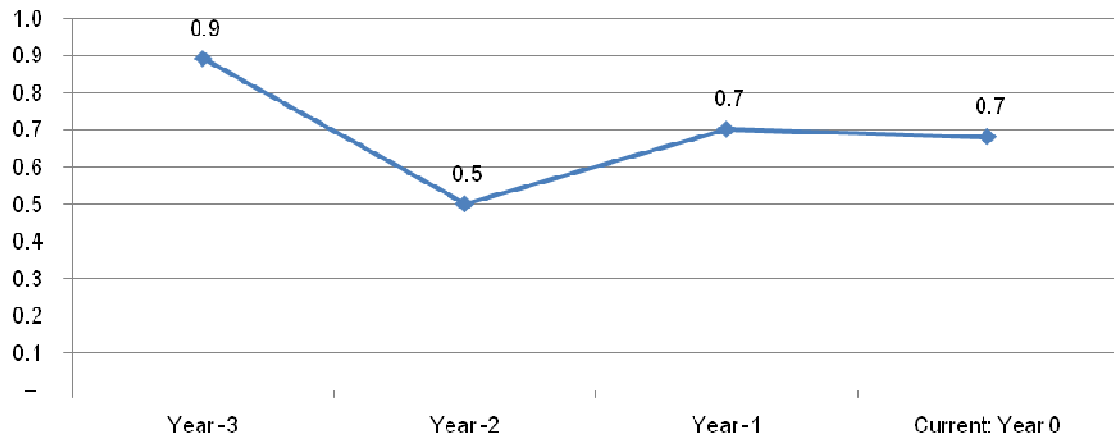
Delete Directive note once comment is completed – Comment on adequacy of Repair & Maintenance Expenditure and variances show in T5.3.4 above and on the implications of the proportion of operating budget spend on repairs and maintenance over the past four years set out below. Note that the repairs and maintenance expenditure in T5.3.4 must reconcile with the operational repairs and maintenance expenditure for all services set out in Chapter 3.

T 5.3.4.1

Chapter 5

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Liquidity Ratio

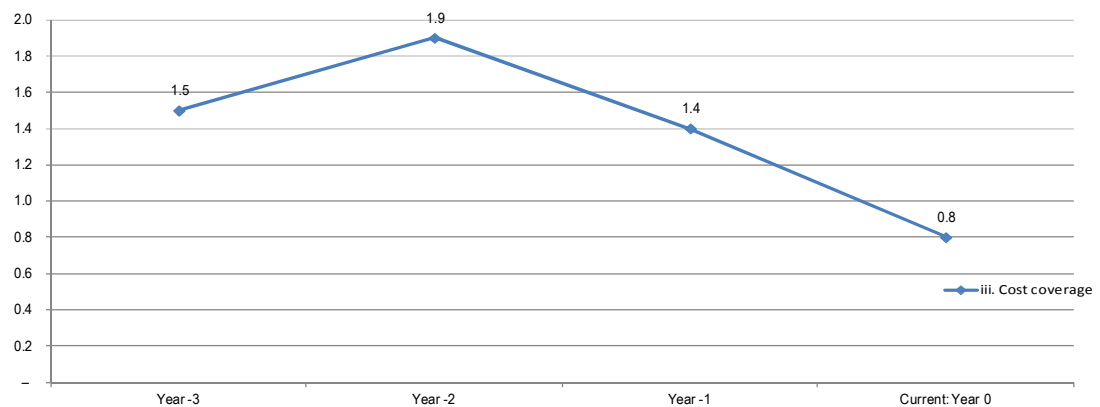


Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

T 5.4.1

Cost Coverage



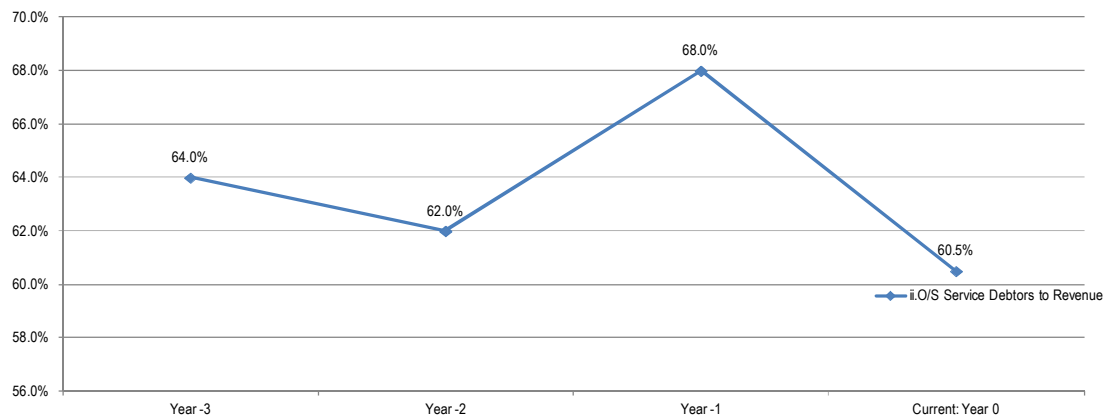
Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

Chapter 5

Total Outstanding Service Debtors

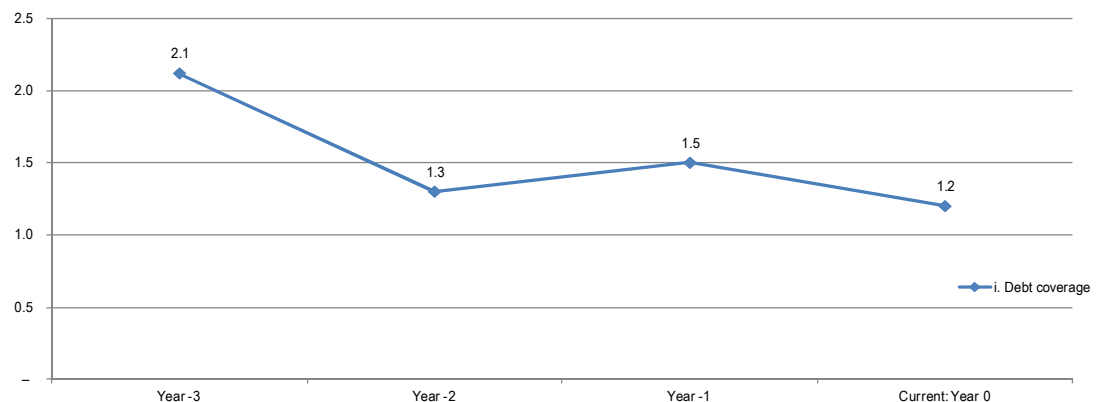


Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

T 5.4.3

Debt Coverage



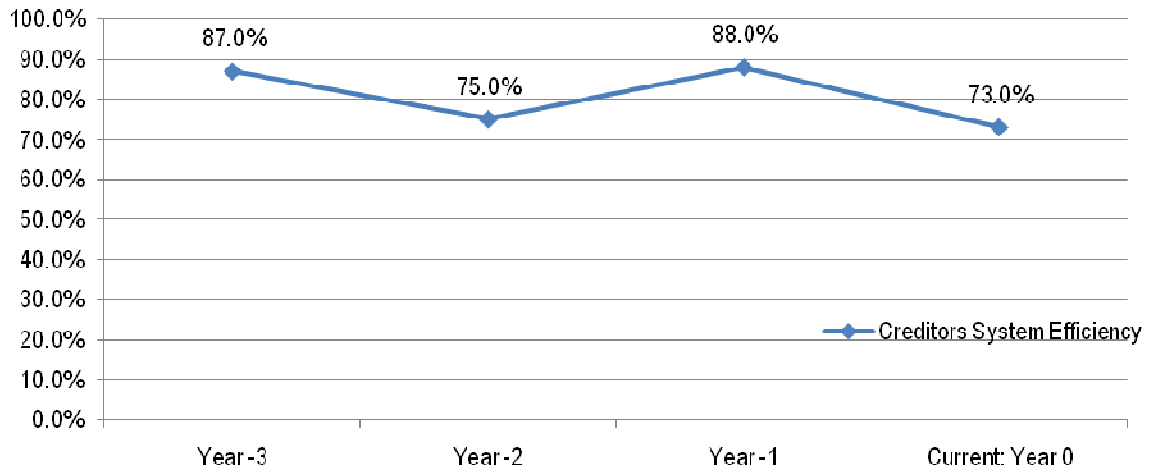
Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Chapter 5

Creditors System Efficiency

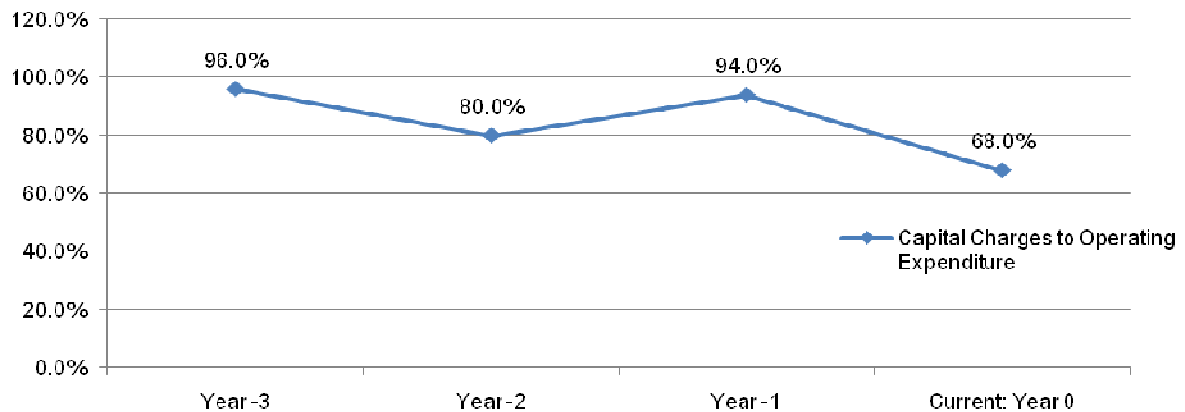


Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Capital Charges to Operating Expenditure



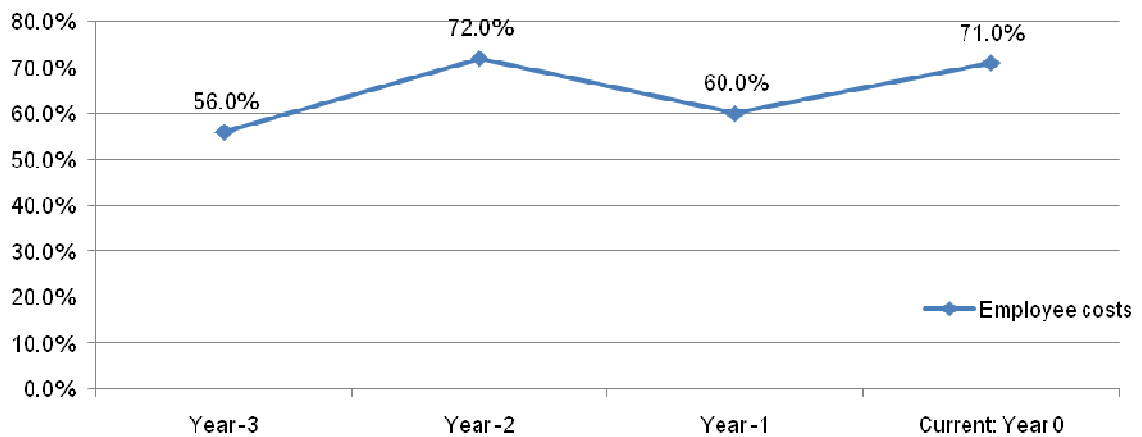
Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Chapter 5

Employee Costs

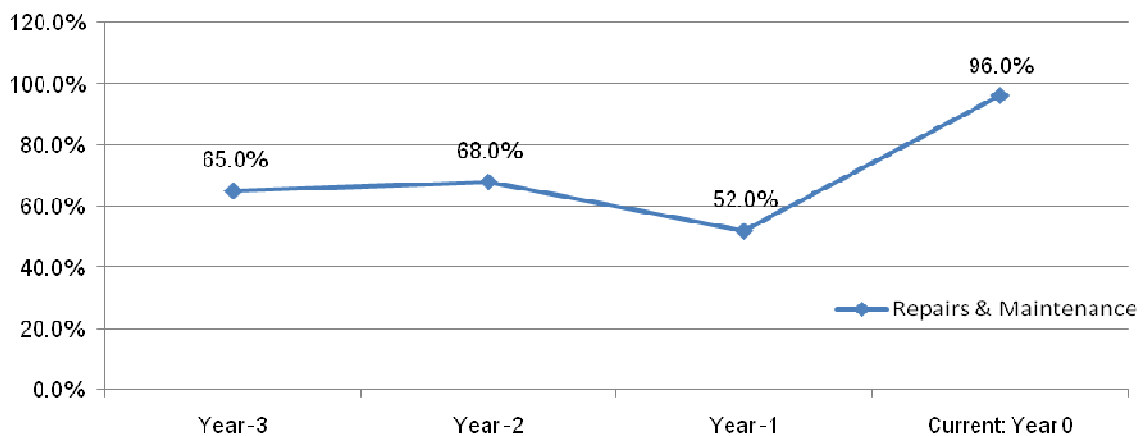


Employee cost – Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

Repairs & Maintenance



Repairs and Maintenance – This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance.

Data used from MBRR SA8

T 5.4.8

Chapter 5

COMMENT ON FINANCIAL RATIOS:

Delete Directive note once comment is completed - Comment on the financial health of the municipality / municipal entities revealed by the financial ratios set out above. These ratios are derived from table **SA8 of the MBRR**.

T 5.4.9

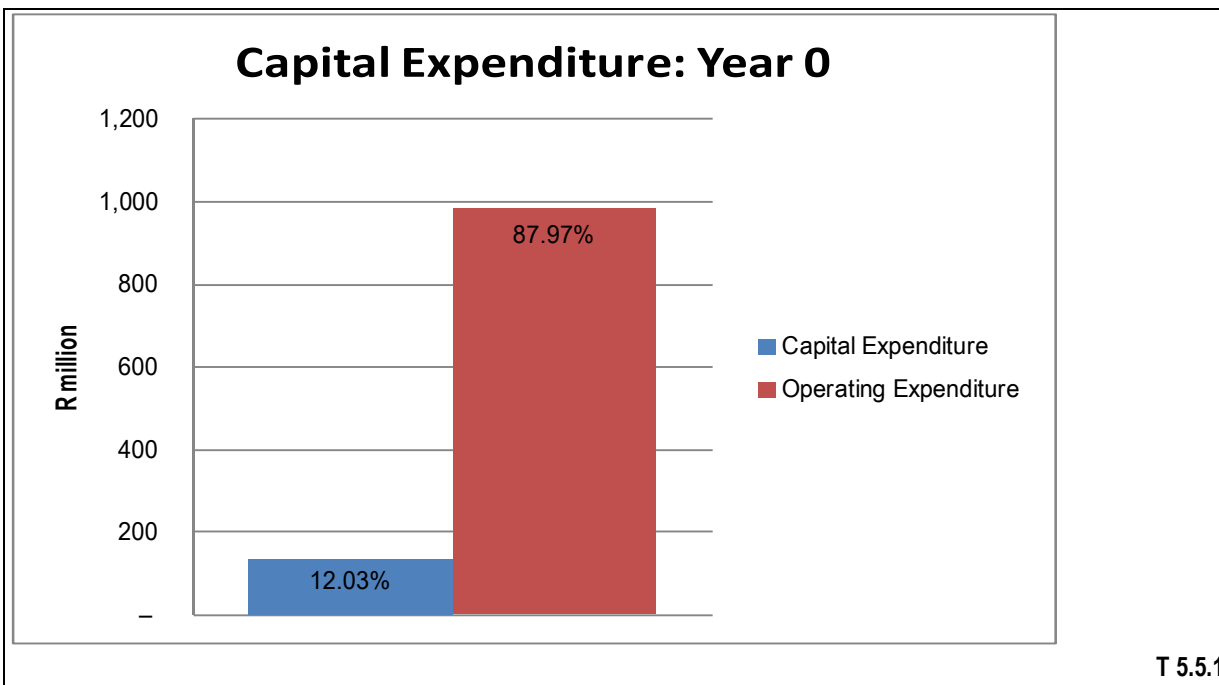
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Delete Directive note once comment is completed – Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spend. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to **Appendices M** (relating to the new works and renewal programmes), **N** (relating to the full programme of full capital projects, and **O** (relating to the alignment of projects to wards).

T 5.5.0

5.5 CAPITAL EXPENDITURE



Chapter 5

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							
R' 000							
Details		Year -1	Year 0				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	0	0	0	0	#DIV/0!	#DIV/0!
	Public contributions and donations	0	0	0	0	#DIV/0!	#DIV/0!
	Grants and subsidies	557222	570081	0	570189	-100.00%	0.02%
	Other	0	0	0	0	#DIV/0!	#DIV/0!
Total		557222	570081	0	570189	#DIV/0!	#DIV/0!
Percentage of finance							
	External loans	0.0%	0.0%	#DIV/0!	0.0%	#DIV/0!	#DIV/0!
	Public contributions and donations	0.0%	0.0%	#DIV/0!	0.0%	#DIV/0!	#DIV/0!
	Grants and subsidies	100.0%	100.0%	#DIV/0!	100.0%	#DIV/0!	#DIV/0!
	Other	0.0%	0.0%	#DIV/0!	0.0%	#DIV/0!	#DIV/0!
Capital expenditure							
	Water and sanitation		60956			-100.00%	-100.00%
	Electricity		13350			-100.00%	-100.00%
	Housing		7497			-100.00%	-100.00%
	Roads and storm water		19890			-100.00%	-100.00%
	Other		102943			-100.00%	-100.00%
Total		0	204636	0	0	-500.00%	-500.00%
Percentage of expenditure							
	Water and sanitation	#DIV/0!	29.8%	#DIV/0!	#DIV/0!	20.0%	20.0%
	Electricity	#DIV/0!	6.5%	#DIV/0!	#DIV/0!	20.0%	20.0%
	Housing	#DIV/0!	3.7%	#DIV/0!	#DIV/0!	20.0%	20.0%
	Roads and storm water	#DIV/0!	9.7%	#DIV/0!	#DIV/0!	20.0%	20.0%
	Other	#DIV/0!	50.3%	#DIV/0!	#DIV/0!	20.0%	20.0%
T 5.6.1							

COMMENT ON SOURCES OF FUNDING:

Delete Directive note once comment is completed – Explain any variations from the approved budget of more than 10% and discuss the total capital expenditure as a viable proportion of total expenditure.

T 5.6.1.1

Chapter 5

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R200 000' 000					
Name of Project	Current: Year 2012/1013			Variance: Current Year 2012/2013	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A - klippan pipeline	43,000,000	0	43,000,000	0%	100%
B - Road 300 and stormwater	44,000,000	0	2,000,000	95%	100%
C - Witpan WWTW	39,000,000	43,000,000	39,000,000	0%	-10%
D - Nyakallong WWTW	46,000,000	0	3,000,000	93%	100%
E - Phomolong Taxi rank	16,000,000	0	1,000,000	94%	100%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A					
Objective of Project	pumping of water from witpan lake				
Delays	none				
Future Challenges	none				
Anticipated citizen benefits	no overflowing and pumpstation upgraded				
Name of Project - B					
Objective of Project	aceess roads and stormwater measures				
Delays	none				
Future Challenges	none				
Anticipated citizen benefits	accessible ring road to thabong and less water flooding nearby areas				
Name of Project - C					
Objective of Project	sewer treatment plant				
Delays	materials, additional funds and specifications				
Future Challenges	additional funds				
Anticipated citizen benefits	upgraded waste water treatment works operational				
Name of Project - D					
Objective of Project	sewer treatment plant				
Delays	none				
Future Challenges	none				
Anticipated citizen benefits	upgraded waste water treatment works operational				
Name of Project - E					
Objective of Project	taxi rank facility for cummuters in the area				
Delays	none				
Future Challenges	none				
Anticipated citizen benefits	shelter and business area				
T 5.7.1					

Chapter 5

COMMENT ON CAPITAL PROJECTS:

Delete Directive note once comment is completed - Provide information in the template above on the 5 largest projects, ranked according to their approved budget provision year 0. Comment on the variance between the original and adjustment budgets and on availability of future Budget provision to operate the projects and lessons learnt in the year about capital project implementation on time to budget.

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Delete Directive note once comment is completed – Explain that need and cost of backlogs are the result of migration into an area; migration out of an area; the trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure. Explain how this balance effects net demand in your municipality and how your municipality is responding to the challenges created.

T 5.8.1

Service Backlogs as at 30 June Year 0				
	*Service level above minimum standard		**Service level below minimum standard	
	Households (HHs)			
	No. HHs	% HHs	No. HHs	% HHs
Water	98228	92%	8934	8%
Sanitation	93766	78%	26731	22%
Electricity	29594	99%	320	1%
Waste management		%		%
Housing		%		%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				

T 5.8.2

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	67278		57352	-15%	%	
Storm water	13368		15031	12%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	

Chapter 5

Transmission & Reticulation				%	%	
Street Lighting	316		360	14%	%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation	1177		0	-100%	%	
Infrastructure - Sanitation				%	%	
Reticulation	34833		6153	-82%	%	
Sewerage purification	47853		46606	-3%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total				%	%	

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.8.3

COMMENT ON BACKLOGS:

Delete Directive note once comment is completed - Comment on how MIG grants have been utilised to redress the backlogs and on the variances in T 5.8.3. If appropriate, comment that **Appendix P** contains details of schools and clinics that have been established that do not have ready access to one or more basic services and **Appendix Q** contains details of those services provided by other spheres of government (whether the municipality is involved on an agency basis or not) that carry significant backlogs.

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Delete Directive note once comment is completed – Give a brief comment on the importance of cash flow management. Refer to the scope of this activity as indicated in this component and what you regard as the key management features of your municipality's approach. Refer to any other cash flow issues of current relevance to your municipality that are not adequately provided for in the format of this component.

T 5.9

Chapter 5

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	1,147,897	1,075,697		1,573,104
Government - operating		392,899		
Government - capital		177,182		
Interest	8,847	50,000		7,420
Dividends	9			21
Payments				
Suppliers and employees	(837,545)	(717,653)		(1,324,877)
Finance charges	(32,229)	(2,768)		(55,492)
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	286,970	975,357	–	200,155
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	(470,234)			(350,267)
Decrease (Increase) in non-current debtors	(4,471)			1,770
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	198,338	(27,455)		150,529
NET CASH FROM/(USED) INVESTING ACTIVITIES	(276,368)	(27,455)	–	(197,968)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	2,038			7,178
NET CASH FROM/(USED) FINANCING ACTIVITIES	2,038	–	–	7,178
NET INCREASE/ (DECREASE) IN CASH HELD	12,641	947,902	–	9,364
Cash/cash equivalents at the year begin:		24,046		35,279
Cash/cash equivalents at the year end:		971,948		44,644
Source: MBRR A7				T 5.9.1

Chapter 5

COMMENT ON CASH FLOW OUTCOMES:

Delete Directive note once comment is completed - Supply a brief summary about the cash flow status of the municipality. Explain variances from Original and Adjustment Budget to Actual. Include information on operating activities and what effect they had on cash flow and on cash backing of surpluses. Information regarding cash flow may be sourced from **Table A7 of the MBRR**.

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Delete Directive note once comment is completed – Explain briefly the relevance of borrowing and investments to you municipality with reference to the tables below and your municipality's requirements in the year. Information may be sourced from **table SA3 AND SA15 in the MBRR**.

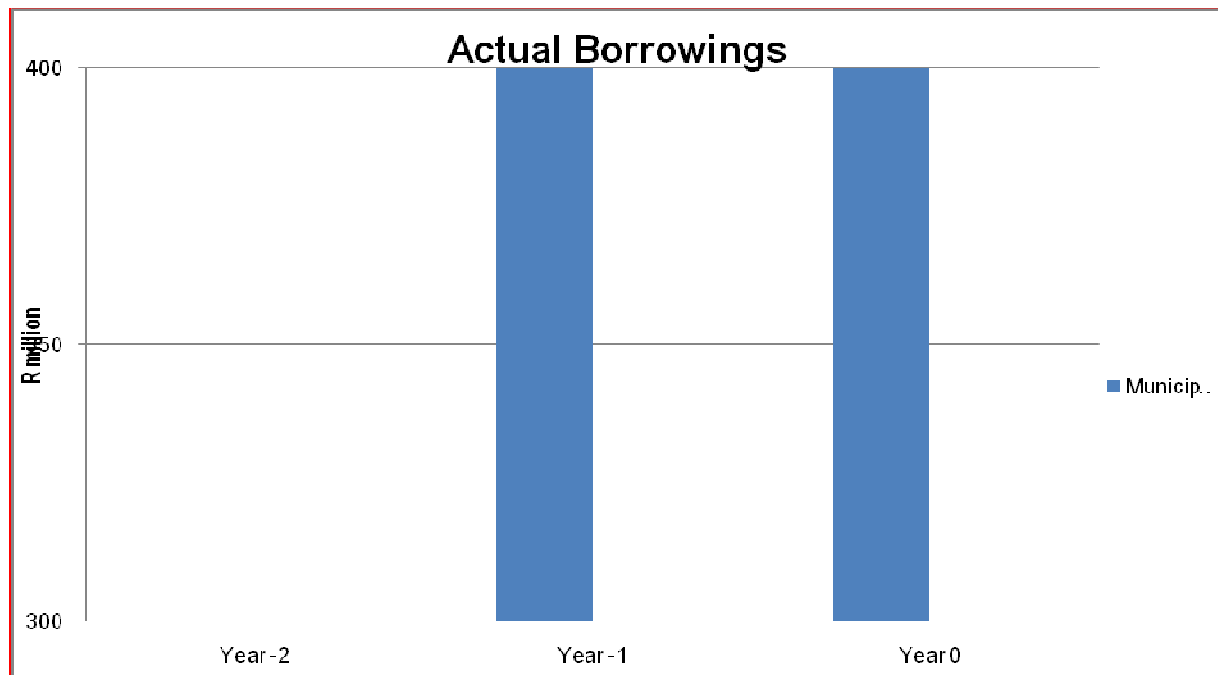
T 5.10.1

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	Year -2	Year -1	Year 0
Municipality		21611	19275
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	0	21,611	19,275
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			

Chapter 5

Financial derivatives			
Other Securities			
Entities Total	0	0	0

T 5.10.2



T 5.10.3

R' 000			
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank		40,559	38,789
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			

Chapter 5

Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total		40559	38789
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	0	40559	38789
T 5.10.4			

Chapter 5

COMMENT ON BORROWING AND INVESTMENTS:

Delete Directive note once comment is completed – Make clarifying comments on the above tables as necessary. All investments whether in the form of loans (in cash or kind) made by the municipality but not to one or more of the organizations set out above and all grants (in cash or kind) made to any form of organization **must** be set out in full at **Appendix R**.

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

Delete Directive note once comment is completed - Provide overview of agreements, contracts and projects undertaken during the year through PPP's – Refer to further details of PPP details **Appendix H. Table SA3 (MBRR)** may also be used to gain information on PPP's.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Delete Directive note once comment is completed - Provide a brief narrative that describes the progress made by your municipality in developing and implementing policies and practices in compliance with the guidelines set out in SCM Regulations 2005. State the number of Supply Chain officials that have reached the prescribed levels required for their positions (See MFMA Competency Regulation Guidelines) and state the number of prescribed officials that are yet to reach the necessary competency levels; and set out any remarks made in the previous Auditor-General's report or the report for year 0 concerning the quality of Supply Chain Management and detail the remedial action taken. Note comments made in Chapter 2, under section 2.8.

T 5.12.1

Chapter 5

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

Delete Directive note once comment is completed – Follow the above with information on progress with GRAP compliance at your municipality. Detail any instances where the municipality has deviated from the GRAP standards currently applicable.

T 5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

Delete Directive note once comment is completed - Refer to the Annual Financial Statements set out in Volume II and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter. If this is the version of the annual report presented to Council in September then the Auditor-Generals statements on this year's submissions will not be available for inclusion in this Chapter and this should be explained.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	
Non-Compliance Issues	Remedial Action Taken
Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)	
	T 6.1.1

Auditor-General Report on Service Delivery Performance: Year -1	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
	T 6.1.2

Chapter 6

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 0

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
Note: * The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.	
	T 6.2.1

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0	
** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.	
	T 6.2.2

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

T 6.2.3

Chapter 6

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE PROVINCIAL LEGISLATURE ON THE MATJHABENG LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2012

Chapter 6

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE MATJHABENG LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of the Matjhabeng Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2012, the statements of financial performance, changes in net assets and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Property, plant and equipment

4. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment of R4 456 966 678 (2011: R4 586 902 161), as disclosed in note 8 to the financial statements, to substantiate the values recorded in the asset register. I have not determined the correct net carrying amount of property, plant and equipment or the accuracy of depreciation as it was impracticable to do so due to inadequate descriptions and locations recorded in the asset register to facilitate physical verification of the condition and existence of the assets. In addition, the asset register includes assets without values. I was unable to confirm by alternative means whether the municipality accurately had valued all its assets and conducted impairment assessment for all municipal assets at each reporting date in accordance with SA Standards of GRAP, GRAP 17, *Property, plant and equipment* and GRAP 21, *Impairment of non-cash-generating assets* and GRAP 26, *Impairment of cash-generated assets*. Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for property, plant and equipment.

Investment property

5. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment of R283 160 912 (2011: R314 042 068), as disclosed in note 50 to the financial statements, to substantiate the values recorded in the asset register. I have not determined

Chapter 6

the correct net carrying amount of investment property or the accuracy of depreciation as it was impracticable to do so due to inadequate descriptions and locations recorded in the asset register to facilitate physical verification of the condition and existence of the assets. In addition, the asset register includes assets without values. I was unable to confirm by alternative means whether the municipality had accurately valued all its assets and conducted impairment assessment for all municipal assets at each reporting date in accordance with SA Standards of GRAP, GRAP 16, *Investment property* and GRAP 26, *Impairment of cash-generated assets*. Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for investment property.

Consumer debtors

6. I was unable to obtain sufficient appropriate audit evidence of consumer debtors with a balance of R1 493 489 369 (2011: R1 142 535 294), as disclosed in note 6 to the financial statements, due to consumers being billed using incorrect tariffs, accounts with credit balances totalling R21 128 890 and the lack of approval for debt written off. I was unable to confirm the balance for the consumer debtors by alternative means. In addition certain consumer accounts were not impaired in terms of International Accounting Standard, IAS 39, *Financial instruments: Recognition and measurement*. Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for consumer debtors.

Non-current consumer debtors

7. I was unable to obtain sufficient appropriate audit evidence for non-current consumer debtors with a balance of R23 057 044 (2011: R19 879 217), as disclosed in note 9 to the financial statements, due to the municipality being unable to provide signed service contracts with renegotiated payments terms. In the absence of payments after year-end, I was unable to confirm the existence, completeness and valuation of and the municipality's rights to non-current debtors and whether any adjustments were necessary to the amounts disclosed for non-current consumer debtors.

Inventory

8. The municipality did not record all inventories that met the recognition criteria set out in the SA Standards of GRAP, GRAP 12 *Inventory*. The municipality also did not perform an inventory count at year-end to verify the existence of inventory. I have not determined the correct amount of inventory as it was impracticable due to lack of inventory records.

Trade and other payables

9. The municipality did not have adequate systems in place to update and reconcile leave records, which resulted in the accrued leave pay as disclosed in note 14 and accumulated surplus being understated by R19 141 020, respectively. In addition, I was unable to obtain sufficient appropriate audit evidence for payables amounting to R48 900 163, representing retention monies and accruals, as disclosed in note 14 to the financial statements, due to contracts indicating the agreed-upon retention monies and a detailed breakdown of accruals not being provided for audit purposes. I was unable to confirm the accrued leave pay and accruals by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the amount disclosed for payables.

Chapter 6

Provisions

10. I was unable to obtain sufficient appropriate audit evidence for provisions amounting to R86 063 718 (R58 483 608), as disclosed in note 18 to the financial statements, in respect of rehabilitation of landfill sites due to lack of evidence to support assumptions used in the calculation of this provision; consequently, I was unable to confirm the completeness and valuation of provision for landfill sites by alternative means. I was unable to determine whether any adjustments were necessary to the amount disclosed for the provision.

Leases

11. SA Standards of GRAP, GRAP 13, *Leases* defines the criteria for the classification of leases as either a finance lease or an operating lease. I was unable to obtain sufficient appropriate audit evidence about leased assets of R7 073 268 (2011: R11 845 900), as disclosed in note 13 to the financial statements, and operating expenses of R38 367 078 disclosed in note 34, due to contracts entered into with the lessors not provided. I was unable to confirm the correct treatment of the leases in terms of GRAP 13 by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the amount disclosed for leases.

Expenditure

12. I was unable to obtain sufficient appropriate audit evidence for general expenditure of R39 356 034, as disclosed in note 34 to the financial statements. This is due to an inadequate system to account for expenditure and the management of the filing system not functioning effectively. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments to this amount were necessary.

Employee related expenditure

13. I was unable to obtain sufficient appropriate audit evidence for overtime payments of R37 367 346. (2011: R 41 254 810), as disclosed in note 27 to the financial statements, due to supporting documentation that could not be obtained for payments made. The municipality's available records and information did not permit the application of alternative procedures. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments to this amount and accumulated surplus were necessary.

Service charges

14. I was unable to obtain sufficient appropriate audit evidence for service charges income of R737 670 225 (2011: R657 988 460), as disclosed in note 23 to the financial statements, due to the municipality not providing supporting documents for adjustments made to revenue and evidence for water and electricity consumed by the customers. Furthermore, the municipality did not bill consumers for all the services delivered. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the amounts disclosed for service charges.

Revenue from rental of facilities and equipment

15. I was unable to obtain sufficient appropriate audit evidence for revenue generated from rental of facilities and equipment of R10 492 365 (2011: R10 084 902) as disclosed in note 37 to the financial statements. The municipality did not provide receipts and contract agreements supporting rental income that was earned. I was unable to confirm the revenue from rental facilities and equipment by alternative means. Consequently, I was unable to determine whether any adjustments to this amount are necessary.

Chapter 6

Value-added tax (VAT) payable

16. The municipality made payments to suppliers who were not registered for VAT, resulting in understatement of VAT payable as disclosed in note 15 to the financial statements and understatement of trade and other receivables by R5 591 115 respectively.

Disclaimer of opinion

17. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

18. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

19. As disclosed in note 41 to the financial statements, the corresponding figures for 2010-11 have been restated as a result of errors discovered during 2011-12 in the financial statements of the Matjhabeng Local Municipality at, and for the year ended, 30 June 2011.

Funding of operations

20. During the financial year, the municipality was informed that section 20 of DoRA was invoked for the repayment of unspent conditional grants. Unspent conditional grants for the period 2005-06 to 2009-10 totalling R43 026 325, as disclosed in notes 17 and 24 to the financial statements, were offset against the equitable share allocation of the municipality in the current year.

Going concern

21. As disclosed in note 44 to the financial statements, the ability of the municipality to continue as a going concern is dependent on a number of factors, including obtaining funding on a continuous basis as well as compliance with the in-year reporting mechanism of the National Treasury in order to secure funding from the government to cover expenses and meet obligations. These conditions indicate the existence of a material uncertainty that may cast doubt on the municipality's ability to operate as a going concern and to fund its operations.

Unauthorised expenditure

22. As disclosed in note 45 to the financial statements, unauthorised expenditure to the amount of R1 075 758 597 (2011: R619 645 905) was incurred as a result of the municipality's failure to implement budgetary controls.

Fruitless and wasteful expenditure

23. As disclosed in note 46 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R76 391 793 (2011: R41 013 003) during the year under review due to the municipality's inability to pay its creditors on time.

Irregular expenditure

24. As disclosed in note 47 to the financial statements, the municipality incurred irregular expenditure of R160 377 149 (2011: R112 194 003) during the year under review due to inadequate procurement processes followed.

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Additional matter

25. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Supplementary explanations of budget variances presented outside the financial statements

26. The supplementary explanations of budget information contained in actual vs. budget (revenue and expenditure), as referred to in note 50, do not form part of the financial statements. I have not audited these explanations and, accordingly, I do not express an opinion thereon.

Unaudited supplementary schedules

27. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

28. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

29. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages ... to ... of the annual report.

30. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned development objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information* (FMPPI).

The reliability of the information in respect of the selected development objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

31. The material findings are as follows:

Usefulness of information

Presentation

32. Improvement measures in the annual performance report for a total of 100% of the planned targets not achieved were not disclosed as required by section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

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Consistency

33. The MSA, section 41(c) requires that the integrated development plan (IDP) should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 86% of the reported objectives, 92% of reported indicators and 99% of reported targets are not consistent with the objectives, indicators and targets as per the approved IDP. This was due to insufficient policies and procedures providing guidance on the requirements of the regulations and a lack of an adequate performance management system.

Measurability

34. The FMPPi requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 100% of the targets relevant to the infrastructure department's objectives were not specific in clearly identifying the nature and the required level of performance.
35. The FMPPi requires that performance targets be measurable. The required performance could not be measured for a total of 100% of the targets relevant to the infrastructure department's objectives. This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.
36. The FMPPi requires that the time period or deadline for delivery be specified. A total of 100% of the targets relevant to the infrastructure department's objectives were not time bound in specifying a time period or deadline for delivery.
37. The FMPPi requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 100% of the indicators/measures relevant to the infrastructure department's objectives were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.
38. The FMPPi requires that it must be possible to validate the processes and systems that produce the indicator. A total of 100% of the indicators relevant to the infrastructure department's objectives were not verifiable in that valid processes and systems that produce the information on actual performance did not exist.
39. All findings with regard to measurability of predetermined objectives occurred due to inadequate internal policies and procedures being implemented and monitored over the processes pertaining to the reporting of performance information.

Relevance

40. The FMPPi requires that the indicator should relate logically and directly to an aspect of the institution's objectives. A total of 100% of indicators did not relate logically and directly to an aspect of the municipality's objectives as per the IDP. This was due to the lack of development and implementation of proper performance planning and management practices to provide for the development of performance indicators and targets included in the IDP.

Reliability of information

Accuracy

41. The FMPPi requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. I was unable to obtain all the information and explanations I considered necessary to satisfy myself as to the accuracy of the actual

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reported performance relevant to 100% of the infrastructure department's development objectives. Due to limitations of institution's records not permitting the application of alternative audit procedures, I was unable to perform such.

Compliance with laws and regulations

42. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the *General Notice* issued in terms of the PAA, are as follows:

Strategic and planning management

43. The municipality did not give effect to its IDP and conduct its affairs in a manner which was consistent with its IDP, as required by section 36 of the MSA and Municipal planning and performance management regulation 6 (MPPMR).
44. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the MSA.
45. The municipality did not set measurable performance targets with regard to each development priority and objective as required by section 41 of the MSA.
46. The municipality did not monitor performance with regard to each of those development priorities and objectives and against the key performance indicators and targets set, as required by section 41 of the MSA.

Budget

47. Sufficient appropriate audit evidence could not be obtained that monthly budget statements were submitted to the mayor, relevant provincial treasury and the accounting officer of the municipality, as required by section 71(1) of the MFMA.
48. The accounting officer did not assess the municipality's performance for the first half of the financial year, as required by section 72(1) and 72(1)(a)(ii) of the MFMA.

Annual financial statements, performance and annual reports

49. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure, disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimed audit opinion.
50. The accounting officer did not make the 2010-11 annual report public immediately after the annual report was tabled in the council, as required by section 127(5)(a) of the MFMA.
51. The municipal council did not adopt an oversight report containing comments on the annual report within two months from the date on which the 2010-11 annual report was tabled, as required by section 129(1) of the MFMA.

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52. The accounting officer did not make public the council's oversight report on the 2010-11 annual report within seven days of its adoption, as required by section 129(3) of the MFMA.

Audit Committee

53. The audit committee did not advise the council, political office bearers, accounting officer and management staff on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance, performance management and performance evaluation, as required by section 166(2)(a) of the MFMA.
54. The audit committee did not advise the council, political office bearers, accounting officer and the management staff on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.
55. The audit committee did not advise the council, political office bearers, accounting officer and the management staff on matters relating to compliance with the MFMA and DoRA, as required by section 166(2)(a)(vii) of the MFMA.
56. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with the MFMA and DoRA, as required by section 166(2)(b) of the MFMA.
57. The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the MFMA.
58. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.

Internal audit

59. The internal audit unit did not function as required by section 165(2) of the MFMA, in that:
- it did not prepare a risk-based audit plan and an internal audit programme for the financial year under review.
 - it did not report to the audit committee on the implementation of the internal audit plan.
 - it did not advise the accounting officer and/or report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management and loss control.
60. The internal audit unit did not report to the audit committee on matters relating to compliance with the MFMA, DoRA and other applicable legislation, as required by section 165(2)(b) of the MFMA.
61. The internal audit unit did not audit the results of performance measurements, as required by section 45(1)(a) of the MSA and MPPMR 14(1)(a).
62. The internal audit unit did not assess the functionality of the performance management system, whether the performance management system complied with the requirements of

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the MSA and the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by MPPMR 14(1)(b)(i)-(iii).

63. The internal audit unit did not audit the performance measurements on a continuous basis and submit quarterly reports on their audits to the municipal manager and the performance audit committee, as required by MPPMR 14(1)(c).

Human resource management

64. Appointments were made in posts which were not provided for on the approved staff establishment of the municipality, in contravention of section 66(3) of MSA.
65. Job descriptions were not established for all posts in which appointments were made in the current year, in contravention of section 66(1)(b) of MSA.
66. The employment contract of the municipal manager could not be obtained to confirm that the duration of the contract does not exceed a period of five years, as required by section 57(6) of the MSA.
67. The municipal manager and senior managers directly accountable to the municipal manager did not sign performance agreements, as required by section 57(2)(a) of the MSA.

Procurement and contract management

68. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of below R200 000 were procured by means of obtaining the required price quotations, as required by SCM regulation 17(a) and (c).
69. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R500 000 were procured by means of inviting competitive bids and that deviations were approved by the accounting officer only if it was impractical to invite competitive bids, as required by SCM regulations 19(a) and 36(1).
70. Bid adjudication was not always done by committees which were composed in accordance with SCM regulation 29(2).
71. Sufficient appropriate audit evidence could not be obtained that bid specifications for procurement of goods and services through competitive bids were drafted in an unbiased manner that allowed all potential suppliers to offer their goods or services, as per required by SCM regulation 27(2)(a).
72. Sufficient appropriate audit evidence could not be obtained that bid specifications were drafted by bid specification committees which were composed of one or more officials of the municipality, as required by SCM regulation 27(3).
73. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to and quotations were accepted from bidders that scored the highest points in the evaluation process, as required by of section 2(1)(f) of Preferential Procurement Policy Framework Act.

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74. The preference point system was not applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).
75. Contracts were awarded to and quotations accepted from providers that are listed on the National Treasury's database as persons prohibited from doing business with the public sector, in contravention of SCM regulation 38(1)(c).
76. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
77. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
78. Sufficient appropriate audit evidence could not be obtained that contracts were only extended or modified after tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.
79. Sufficient appropriate audit evidence could not be obtained that all extension or modification to contracts were approved by a properly delegated official, as required by SCM Regulation 5.
80. Sufficient appropriate audit evidence could not be obtained that contracts were only awarded to and quotations accepted from bidders who had submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
81. Contracts were awarded to and quotations accepted from providers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
82. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) and qualified for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).
83. The prospective providers list for procuring goods and services through quotations was not updated at least quarterly to include new suppliers that qualify for listing, and prospective providers were not invited to apply for such listing at least once a year as per the requirements of SCM regulation 14(1)(a)(ii) and 14(2).
84. The accounting officer failed to implement measures to combat the abuse of the SCM system as per the requirements of SCM regulation 38(1) because awards were made to providers who, during the last five years, had failed to perform satisfactorily on a previous

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contract with the municipality or municipal entity or other organ of state and abused the SCM system of the municipality.

Expenditure management

85. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by sections 65(2)(e) and 99(2)(b) of the MFMA.
86. An effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, was not in place as required by section 65(2)(a) of the MFMA.
87. The accounting officer did not take effective steps to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.
88. Unauthorised, irregular, fruitless and wasteful expenditure was not recovered from the liable person, as required by section 32(2) of the MFMA.

Revenue management

89. An adequate management, accounting and information system was not in place which recognised revenue when it was earned, accounted for debtors and accounted for receipts of revenue, as required by section 64(2)(e) of the MFMA.
90. Interest was not charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Asset management

91. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
92. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Internal control

93. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

94. The municipality continued to display a lack of stability in senior management positions with the result that positions of senior managers, including the position of the chief financial officer, have been vacant for a prolonged period (more than 24 months). Officials were appointed in acting capacities, which resulted in a breakdown in the implementation of basic daily/monthly disciplines due to lack of accountability.

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95. The accounting officer, together with his management team, did not fully commit to the development, implementation and monitoring of a practical action plan to address internal control deficiencies identified in preceding years so as to eliminate repeat audit findings.
96. Municipal structures delegated with the oversight responsibility did not fully enforce management accountability by implementing effective oversight and by demanding credible information.
97. Management did not implement effective human resource (HR) management practices such as effective recruitment to ensure that adequate and sufficiently skilled resources are in place. The municipality did not have a performance management system in place, which resulted in the absence of an effective performance management culture.
98. Management did not continuously establish, review and communicate policies and procedures to enable understanding and execution of internal control objectives, processes and responsibilities to mitigate the risks of the municipality.

Financial and performance management

99. Management did not implement proper record keeping in a timely manner to ensure that complete, reliable and accurate information is easily accessible to support financial and performance reporting.
100. Management did not implement controls over the preparation of daily/monthly disciplines of processing and reconciling of transactions due to a lack of sufficiently skilled staff and the lack of policies and procedures.
101. The municipal officials continue to disregard compliance with laws and regulations due to lack of management tools to review and monitor compliance and the lack of consequences for transgressors, resulting in a consistent increase in reported irregular as well as fruitless and wasteful expenditure without action being taken against the responsible officials.

Governance

102. Management did not prioritise the implementation of appropriate risk management activities to ensure that regular risk assessments, including consideration of information technology (IT) risks and fraud prevention, are conducted and that a risk strategy to mitigate the risks is developed and continuously monitored.
103. Management disregarded internal audit findings and therefore a significant number of repeat findings were reported, resulting in ineffectiveness of the internal audit function.
104. The internal audit function did not conduct internal audits/reviews of performance management systems that focused on compliance aspects as well as the usefulness and reliability of the reported performance information.
105. Internal audit did not review the financial and performance reports prior to its submission to the audit committee or external auditors due to management not making available these reports to the internal audit unit for such reviews.

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106. The audit committee did not function throughout the year. Members were appointed five months into the current financial year. Consequently, the committee did not approve the internal audit plan and has not exercised any oversight of the implementation of the matters reported by the internal audit function.

OTHER REPORTS

Investigations

107. An independent consulting firm was appointed by the municipality during the 2010-11 financial year to conduct an investigation into various aspects at the municipality covering the financial years 2009-10 to 2010-11. Only a draft report was submitted to the municipality. No date for finalising this report has been provided.

Auditor General

Bloemfontein

5 December 2012



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

Delete Directive note once comment is completed - Provide comments from the Municipal Manager / CFO on the Auditor-General's opinion. Include comments on year 0 if it provides useful context.

T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated

T 6.2.5

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of

GLOSSARY

	outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to

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	achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Banyane ME	PY	Housing / Sp Programmes	PR	100%	
Beneke R	PT	Technical Services	W	76%	18%
Botha PF	PT	Technical Services	PR	76%	18%
Chaka CP	PT	Finance / Sp Programmes	PR	88%	6%
Dali VN	PT	Corporate Services / Policy Development	W	82%	6%
De Villiers MT	PT	Corporate Services / Social Services	W	41%	35%
Fanie D	PT	Social Services	PR	100%	
Fourie JJC	PT	Policy Development	PR	59%	41%
Khalipha TD	FT	Policy Development	W	82%	6%
Kotzee D	FT	Community Services	PR	41%	29%
Lande ME	FT	LED	PR	82%	18%
Mabote TL	PT	LED	W	88%	12%
Madumise MM	PT	Finance / LED	W	71%	24%
Mafa DM	PT	Policy Development	PR	88%	12%
Mafongosi ZV	PT	Finance	PR	88%	12%
Makgowe PV	PT	Policy Development	W	94%	
Marais JS	PT	Finance	PR	94%	6%
Masienyane MD	PT	Finance / Chairpersons	W	88%	12%
Matlebe MM	PT	Community Services / Sp Programmes	PR	76%	24%
May FG	PT	Corporate Services / Finance / PS&T	PR	88%	12%
Mbambo AX	PT	Sp Programmes / Technical Services	W	100%	
Mbana MA	FT	Finance	PR	88%	6%
Menyatso KJ	FT	PS&T / Technical Services	PR	82%	6%
Meyer KL	PT		W	50%	29%
Mfebe MSE	FT	Corporate Services	W	82%	18%
Mholo PP	PT	LED / Sp Programmes	PR	53%	29%
Mkhusane NC	PT	Technical Services	PR	88%	12%
Mlangeni KL	PT	Housing	PR	100%	
Mokausi LC	PT	Technical Services	W	76%	24%

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Mokhomo HA	PT	Community Services / Social Services	W	94%	6%
Mokotedi TG	PT	PS&T	PR	76%	18%
Molefi MJ	PT	Housing / PS&T	PR	58%	30%
Molelekoa PA	PT	LED / Technical Services	W	94%	6%
Molelekoa PMI	PT	Policy Development	W	100%	
Molete TN	PT	Corp Serv / Policy Dev / Techn Serv	W	94%	6%
Molupe RT	PT	LED	W	82%	18%
Monjovo NE	PT	Corp Serv / PS&T	W	82%	18%
Morris VR	PT	LED / Policy Dev	W	88%	6%
Mosala MS	PT	Housing	W	82%	18%
Mothege MA	PT	Housing	W	100%	
Motshabi MP	PT		PR	59%	24%
Mphikeleli MA	PT	PS&T	W	88%	6%
Naude HJ	PT	Policy Development / PS&T	W	82%	6%
Ngangelizwe S	FT	Mayoral Committee (Executive Mayor)	PR	88%	6%
Ntlele KI	PT	Community Services	W	94%	
Ntsebeng MH	PT		PR	71%	24%
Petleki KI	PT	Housing / Sp Programmes	PR	88%	
Phetise ME	PT	Community Services / Social Services	W	94%	6%
Qwesha GL	PT	PS&T	W	65%	18%
Radebe MC	PT	Finance / PS&T	PR	88%	6%
Radebe ML	FT	Social Services	PR	65%	30%
Riet MI	PT	Community Services	W	82%	12%
Sephiri MJ	FT	Chief Whip	PR	94%	6%
Sifatya Z	PT	Corp Services	W	82%	12%
Smit DC	PT	LED	W	59%	24%
Speelman NW	FT	PS&T	PR	35%	51%
Stofile B	FT	Council (Speaker)	PR	100%	
Styger A	PT	Finance	PR	65%	12%
Taliwe FE	FT	Housing	W	76%	6%
Taljaard TE	PT	LED / PS&T	PR	100%	
Thateng MJ	PT	Social Services	W	53%	24%
Thembani PP	PT			25%	25%
Thelingoane TJ	PT	Community Serv / Policy Dev	W	100%	
Thoabala TE	PT	Housing / LED / Technical Serv	PR	100%	
Tlake KR	PT		W	88%	6%
Tlhone ML	FT	Sp Programmes	PR	71%	24%
Tsatsa SJ	PT	Community Serv / Housing	W	82%	12%
Tsubane ME	PT	Social Services	PR	82%	18%
Tsubella KS	PT	Corp Serv / Social Services	W	94%	
Twanana	PT		PR	57%	14%
Van Rooyen KV	PT		PR	100%	
Van Rooyen MS	PT	Community Serv / Corp Serv	W	94%	6%

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Van Schalkwyk HCT	PT	LED	W	94%	
Vanga NM	PT	Housing / Sp Programmes	PR	88%	
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

Concerning T A

Delete Directive note before publication: Provide comments on the above table.

T A.1

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution		
Building regulations		
Child care facilities		
Electricity and gas reticulation		
Firefighting services	Yes	
Local tourism		
Municipal airports		
Municipal planning		
Municipal health services		
Municipal public transport		
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law		

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Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto		
Stormwater management systems in built-up areas		
Trading regulations		
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems		
Beaches and amusement facilities		
Billboards and the display of advertisements in public places		
Cemeteries, funeral parlours and crematoria		
Cleansing		
Control of public nuisances		
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		
Fencing and fences		
Licensing of dogs	Yes	
Licensing and control of undertakings that sell food to the public		

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Local amenities		
Local sport facilities		
Markets		
Municipal abattoirs		
Municipal parks and recreation		
Municipal roads	Yes	
Noise pollution		
Pounds		
Public places		
Refuse removal, refuse dumps and solid waste disposal		
Street trading	Yes	
Street lighting		
Traffic and parking	Yes	
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		

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APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr TL Mabote	Yes	None	None	None
	Mr Morake RP				
	Me Sesing MA				
	Mr Lebetsa MJ				
	Mr Mohoje ME				
	Me Ndamo ME				
	Me Phatlane MR				
	Mr Mokhajoa TP				
	Me Mohlomi MJ				
	Mr Bacela KJ				
	Mr Ndayi RN				
2	Cllr KS Tsubella	Yes	2	2	2
	Me Berries ME				
	Mr Dikhang TP				
	Mr Tsautse SD				
	Me Berries RP				
	Me Maboko NE				
	Mr Nyambuza MC				
	Mr Mahlatsi K				
	Me Sam VM				
	Mr Maleke FP				
	Mr Lelimo MJ				
3	Cllr MA Mothege	Yes	4	4	4
	Mr Mogoloa RN				
	Me Saule MJ				
	Mr Nyetanyane TA				
	Mr Ndayi NL				
	Mr Mboqa DJ				
	Me Sewe MM				
	Mr Takalo TL				
	Mr Mosebi TM				
	Mr Pitso MG				
	Mr Litabe MS				

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4	Cllr PA Molelekoa	Yes	None	None	None
	Mr Tlhaole PD				
	Mr Masike IJ				
	Me Tlhabang SA				
	Me Kolisang MS				
	Me Molise MS				
	Mr Motapanyane OJ				
	Me Hlabahlaba LM				
	Me Majodina MJ				
	Mr Nkhatho KA				
	Mr Pokose Z				
5	Cllr PMI Molelekoa	Yes	3	3	3
	Mr Nkoala SP				
	Me Motsetse TA				
	Me Setai NT				
	Me Mohapi PL				
	Me Mathebula MA				
	Me Makhobu NP				
	Me Nawane AD				
	Me Sehloho ME				
	Mr Kutoane CRD				
	Mr Leeu TD				
6	Cllr TN Molete	Yes	2	2	2
	Mr Mahloko RJ				
	Mr Molai MS				
	Mr Hlatshwayo LM				
	Mr Sebuelo MM				
	Mr Mabogolo MM				
	Mr Mofokeng SR				
	Mr Lesapo CJ				
	Mr Mapukutu M				
	Me Molahlehi TM				
	Me Khalise MA				
7	Cllr NE Monjovo	Yes	3	3	3
	Mr Khomongoe TL				
	Mr Mqwebedu BM				
	Mr Xaba VJ				
	Mr Mohapi TE				
	Me Motsetse SM				
	Me Sehlabo LE				

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	Me Simanga IN				
	Me Motlalane MT				
	Mr Lehasa SJ				
	Me Khiba DC				
8	Cllr MD Masienyane	Yes	None	None	None
	Mr Makape EN				
	Mr Mboyiya BV				
	Me Litabe MS				
	Me Ngophe DP				
	Me Hlaole LN				
	Mr Moeti B				
	M Malimabe O				
	Mr Mfula KF				
	Me Mokgoetsi LJ				
	M Manukuza J				
9	Cllr DC Smit	Yes	None	None	None
	Mr Van Wyk O				
	Me Ranyane LP				
	Mr Mohatlane TT				
	Me Mohale NA				
	Mr Ledimo JP				
	Mr Cambanis JC				
	Mr Briel JH				
	Mr Selikoe TS				
	Me Mazibuko NC				
	Mr Lucas J				
10	Cllr MSE Mfebe	Yes	None	None	None
	Mr Makoti TL				
	Me Koloti MM				
	Mr Khophoche SE				
	Me Motaung RM				
	Me Masupa TC				
	Mr Yona MR				
	Me Nthako SM				
	Me Ndlovu LM				
	Me Sethuntsa MS				
	Me Potsane MM				
11	Cllr VR Morris	Yes	3	3	3
	Me Botha J				
	Mr Malefane DE				

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	Mr Neniels N				
	Me Mokutu MM				
	Mr Green HD				
	Mr Samson HP				
	Me November J				
	Mr Mellen C				
	Mr Douw M				
	Mr Davids W				
12	Cllr KR Tlake	Yes	8	8	3
	Mr Fokane TI				
	Mr Tau TE				
	Mr Moletsane LD				
	Mr Nyengula NS				
	Mr Chikoshana T				
	Me Moss NS				
	Me Mokhutle MV				
	Mr Garekwe MR				
	Mr Khumalo BM				
	Me Mholo KK				
13	Cllr TJ Thelingoane	Yes	9	9	3
	Mr Maribe MG				
	Mr Sennanyane MD				
	Me Mokeretla MS				
	Me Moiloa LA				
	Me Likoebe MS				
	Mr Matshoba SJ				
	Mr Mothabe MH				
	Me Moleleki ME				
	Mr Mokheseng KG				
	Mr Makume PS				
14	Cllr MS Mosala	Yes	None	None	None
	Me Hoshola MM				
	Me Senoko DE				
	Mr Mothibel LA				
	Me Modukanele MI				
	Me Moeng KL				
	Me Mofokeng ME				
	Mr Khoza NW				
	Mr Kompi RJ				
	Mr Rabanye TE				

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	Mr Letaba LJ				
15	Cllr KI Ntlele	Yes	2	2	1
	Mr Lento TJ				
	Mr Mokale MP				
	Mr Lemoen MI				
	Mr Makolomba LE				
	Me Mxhonywa MM				
	Me Radebe ME				
	Me Zothwa NS				
	Mr Mokoena SP				
	Me Khahleli EM				
	Mr Kaka Njeje				
16	Cllr LC Mokausi	Yes	None	None	None
	Mr Tsotetsie SM				
	Mr Khakhau MS				
	Me Yawa NG				
	Me Mkhiza NM				
	Mr Pule MJ				
	Mr Mpeko MZ				
	Me Mtumtum VC				
	Mr Mofokeng TE				
	Mr Mokhoabane GL				
	Mr Khalema TE				
17	Cllr TD Khalipha	Yes	None	None	None
	Mr Kostile MW				
	Me Maloka SM				
	Mr Maja LL				
	Mr Jodina ME				
	Me Dyse S				
	Mr Vundisa PM				
	Mr Mosia ME				
	Mr Ramokone TJ				
	Mr Makhina M				
	Mr Lesaoana MM				
18	Cllr PV Makgowe	Yes	5	5	1
	Mr Masheqa SM				
	Mr Tladi MJ				
	Mr Marumo MC				
	Mr Moloja NJ				
	Me Buang JKF				

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	Mr Taaibosch SM				
	Mr Legalanyane MA				
	Mr Maruping KS				
	Mr Dhlamini DT				
	Mr Mafika MR				
19	Cllr AX Mbambo	Yes	4	4	2
	Me Nkala NA				
	Mr Malise PJ				
	Me Majoro ME				
	Mr Kapoko TE				
	Me Makubalo EN				
	Mr Manumza VN				
	Mr Mancayi LF				
	Me Mohapi MM				
	Mr Thusi MS				
	Me Thamae MA				
20	Cllr RT Rathipe	Yes	3	3	2
	Mr Moshe SE				
	Mr Leeuw TS				
	Mr Mphatseng DP				
	Me Kolobe SF				
	Me Mokotedi MQJ				
	Me Thathe SMS				
	Mr Ranthako NJ				
	Mr Chaka PP				
	Mr Xalaba DZ				
	Mohlapholi				
21	Cllr ME Phetise	Yes	5	5	2
	Mr Limema TS				
	Mr Mbele TR				
	Mr Phofi TA				
	Me Ntoni NM				
	Mr Mone TE				
	Mr Dimema JT				
	Me Sanda BC				
	Mr Pholo SJ				
	Mr Pitso MS				
	Mr Radebe ME				
22	Cllr Z Sifatya	Yes	5	5	1
	Me Matlabe SP				

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	Me Bosiu LJ				
	Me Martiens CM				
	Me Belekoane NF				
	Mr Thipe LD				
	Me Mohlaphuli MA				
	Me Mapisa N				
	Mr Molelekoa NJ				
	Me Nyamane PD				
	Me Mooki MS				
23	Cllr VN Dali	Yes	5	5	2
	Me Majake AN				
	Mr Solwandle ZJ				
	Mr Letsie LN				
	Mr Pheko MJ				
	Mr Khimbili W				
	Mr Pheko MJ				
	Me Leaoa TH				
	Mr Mkuzo ND				
	Me Mtshisazwe S				
	Mr Thuse ND				
24	Cllr AM Mphikeleli	Yes	4	4	2
	Mr Mvuyo PB				
	Me Macujana U				
	Mr Mthoniswa B				
	Mr Veyi EX				
	Mr Pule SJ				
	Mr Sellane PA				
	Mr Mncedane ML				
	Mr Limekaya B				
	Mr Sigwaqa HP				
	Me Nyabaza Z				
25	Cllr GL Qweshu	Yes	1	1	1
	Me Likalaneng MM				
	Mr Moeketsi TH				
	Mr Maloka MD				
	Me Nthako TD				
	Mr Makhalemele FE				
	Mr Fobane DI				
	Me Ramasilo ME				
	Mr Sebetoane AD				

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	Me Radebe NAP				
	Mr Mohlouoa MA				
26	Cllr SJ Tsatsa	Yes	4	4	3
	Me Khoabane ML				
	Mr Mojanaga TB				
	Mr Rafuku MJ				
	Me Mphuthi PM				
	Mr Mtyantombi MH				
	Me Mqokolo Z				
	Me Lelimo NA				
	Mr Malinga MJ				
	Mr Mojahi KM				
	Mr Metula LA				
27	Cllr MS van Rooyen	Yes	2	2	1
	Me Matlhakoana KS				
	Mr Jonker F				
	Me Hlabahlaba NA				
	Mr Nkoane VS				
	Mr Ntshole Z				
	Mr Maphike PG				
	Me Mafaisa NG				
	Mr Kabi TA				
	Mr Nyama MD				
	Me Somi ZC				
28	Cllr FE Taliwe	Yes	4	4	4
	Mr Thomas TM				
	Mr Nconco DJ				
	Me Mawela PM				
	Me Xhamfu MN				
	Me Twala KM				
	Me Kumalo SE				
	Me Raleting MA				
	Me Mafongosi SM				
	Me Maselwa M				
	Me Ndlovu/Naniso FH				
29	Cllr MM Madumise	Yes	5	5	4
	Mr Makhathe SS				
	Me Gumede SB				
	Me Ntlangwe GM				
	Mr Masekoane TJ				

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	Me Khoana PC				
	Mr Mohlouoa M				
	Mr Malele SO				
	Mr Modupe M				
	Mr Masheane LA				
	Mr Mabula LT				
30	Cllr MJ Thateng	Yes	None	None	None
	Mr Mandlana C				
	Me Mdluli BF				
	Mr Tshabalala BM				
	Mr Mokena TE				
	Mr Dimo TP				
	Mr Moletsane MP				
	Mr Molefi M				
	Mr Tiro TJ				
	Me Beje TP				
	Mr Mokoena P				
31	Cllr HA Mokhomoto	Yes	2	2	1
	Me Ramatusa NS				
	Mr Morake LM				
	Mr Luthuli D				
	Me Letele MA				
	Me Hlakoane SC				
	Me Mohlaping MA				
	Mr Gila N				
	Mr Semela AR				
	Mr Maboya MA				
	Mr Lento TJ				
32	Cllr HCT van Schalkwyk	Yes	7	7	3
	Me Mosesi JM				
	Me Van Wyk JA				
	Mr Zondo MP				
	Mr Victor JH				
	Mr Monosi MB				
	Mr Van Der Westhuizen N				
	Mr Ellis RA				
	Mr Mofokeng MJ				
	Me Koloko PA				
	Mr Jonas TA				
33	Cllr R Beneke	Yes	None	None	None

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	Mr Mjonono N				
	Mr Tau LJ				
	Mr Hamer J				
	Mr Zietsman HC				
	Mr Van Rensburg DH				
	Mr Nakedi AK				
	Me Doig CD				
	Me Seleohana KG				
	Me Harrison JA				
	Mr Ritcher M				
34	Cllr ZHJ Naude	Yes	None	None	None
	Mr Zwane NEE				
	Me Tladi DO				
	Me Van Eeden E				
	Mr Dippenaar W				
	Me Nikelo B				
	Mr Mashaba G				
	Me Van Loggerenberg M				
	Me Ndlondlo MZ				
	Me Sothoane MR				
	Mr Makhasi NW				
35	Cllr MI Riet	Yes	2	2	1
	Me Nkobolo MA				
	Me Mojakisane R				
	Mr Ncaphayi M				
	Mr Marumo PL				
	Mr Olifant J				
	Me Moleko MM				
	Me Tau PI				
	Mr Mokhobo PE				
	Mr Molongoana KR				
	Me Matlala MC				
36	Cllr MT De Villiers	Yes	None	None	None
	Mr Qadi MA				
	Mr Nkone IL				
	Me Sedi MP				
	Me Mokatsanyane ME				
	Mr Smit EJ				
	Mr Sethabathaba LF				
	Ms Vorster WF				

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	Ms Potgieter CMJ				
	Mr Mayekiso B				
	Me Van Schalwyk SA				
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APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

ITEM 1		ACTION PLAN TO ADDRESS 2010/2011 AUDIT QUERIES	
Objective		To review the Action Plan for 2010/2011 in order to determine the following: 1. The credibility of corrective action plans. 2. The extent to which the corrective steps satisfactorily resolves the associated findings. 3. The extent to which the recommendation of the Auditor General has been implemented.	
	Observation	Recommendation	Focus Area
Issue 1	The Committee acknowledges the fact that management has developed corrective Action Plans to address external audit concerns.	That corrective action plans be prepared earlier in the year to follow effective implementation and monitoring.	Governance
	We however noticed that the document was prepared late in the financial year, thus there is a risk that 2010/2011 issues might remain unresolved.	MM to submit monthly progress to Council, CoGTA and Treasury as part of Key Controls (PROPAC Resolution 2/2011).	
Issue 2	The Audit Action Plans is based on the Audit Report Paragraphs. This poses a challenge when management needs to make follow up on the implementation of Auditor General recommendations per exception.	That management prepares action plans from the management letter as issued by AGSA in order to analyse the Root Causes and identify the responsible person to implement the recommendations.	Governance
Issue 3	Par 5 & 7 1. Does the Municipality fully implement a Credit Control and Debt Collection Policy? 2. What mechanisms are in place to ensure and verify the existence of consumer debtors? 3. Poor debt collection signifies two things about the credit policy:- - Credit and debt collection policy is not effective. - Credit and debt collection policy is not being fully implemented.	1. Management should be able to prove to the AG that steps were taken to collect debts and also to verify the existence of consumer debtors. 2. CFO to provide progress to MM. 3. Credit control and debt collection policy must include measures to address preferences, perceptions and attitude of consumers.	Financial Controls
	Par 13 Overtime payments amounting to R41m could not be accounted for.	1. Overtime must be pre-approved by HOD 2. No overtime in excess of 40 hrs in a month may be paid. 3. Adequate supporting documentation for overtime must be verified before payment can be made. 4. Adequate safekeeping of documentation.	Financial Controls Compliance
	Par 35 The municipality suffered electricity and water losses amounting to R71m.	The Municipality to investigate causes for material losses in electricity & water and draft plans with intend to minimize distribution losses. The plan should include monthly management of losses.	Financial Controls
	Par 36 A 35% increase in unauthorised expenditure was	HOD's take responsibility of their departmental	Financial Controls

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	incurred (R216m to R619m) due to inadequate budgetary controls.	budgeted allocation. Budget must be verified before an order can be placed to avoid unauthorised expenditure.	
	Par 38 A corrective action does not talk to, or address the finding. Also with Par. 65; 72; 73; 74; 75; 76; 77	CFO should establish strict measures / controls to avoid / prevent irregular expenditures. This measures should at least be embedded into the departmental procedure manual. CFO to report to MM on progress made.	Financial Controls
	Par 44; 47 Numerous shortcomings were raised regarding the planning, monitoring, measurement, review and reporting of Performance Management System.	Performance Management Framework and PMS report be submitted to this Committee in the next meeting. IA Manager to ensure that performance information is audited and reported to AC	Performance Measures
Issue 4	Par 37 Management must take note of the impact that failure to pay creditors will have in the quality of audit report.		Financial Controls Compliance
Overall recommendation on Action Plans		Establishment of Audit Response Committee composed of respondents and chaired by the CFO to monitor progress with implementation of management responses. Action Plans Progress must be a standing item in Management Meetings. Monitoring of Audit Action Plans by directorates.	
Conclusion	From a reviewed report, we could observe that very few items were reported as resolved and the rest remains unresolved. This means that there is likelihood that the Municipality may receive an unfavourable opinion on the audit of financial and performance information if the issues are not addressed.		Governance Financial Control Financial Information Performance Management
ITEM 2		AUDIT COMMITTEE CHARTER	
Objective		To review the Audit Committee Charter in order to ensure that: 1. All provisions set out in section 166 of the MFMA are adequately addressed.	
	Observation	Recommendation	Focus Area
Issue 1	The Audit Committee acknowledges the efforts taken by the IA Manager in developing the AC Charter		
Issue 2	The Committee observed that the AC Charter lacks the following:- Purpose That the committee will review Information Communication Systems (ICT). Internal Audit External Audit Review the extent of the external auditors planned reliance on the work of internal auditors.	That the Audit Committee be amended to include Audit Committee observations.	

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	Reporting Responsibilities No mention of the frequency of reporting to Council.																	
ITEM 3		STRATEGIC THREE YEAR AUDIT PLAN																
Objective		To review the Annual Internal Audit Plan to determine its relevance in assisting the organization achieve its objectives and to assess the alignment with the three year strategic plan and risk assessment.																
	Observation	Recommendation	Focus Area															
Issue 1	The IA standard requires that audit objectives, scope and approach must be clearly defined.	The audit objective, scope and approach must be stated in the IA plan.																
Issue 2	We acknowledge that the Municipality has taken steps to establishing dedicated Risk Management Units.	<p>The IA Manager to prepare a report to MM and copy to AC, advising Management on the following:-</p> <p>1. Measures implemented to promote Municipality with implementation of Risk Management Framework. These may include training and awareness campaigns.</p> <p>2. Extent of implementation of the Risk Management Framework, challenges and recommendations for improvement.</p> <p>3. Statistics on Municipality risks detailing the information in the table below as well as lists of risks that are not properly managed as well as impact, should such risk materialize.</p> <table border="1"><thead><tr><th colspan="5">Number of Risks</th></tr><tr><th>High</th><th>Medium</th><th>Low</th><th>New</th><th>Not Managed</th></tr></thead><tbody><tr><td></td><td></td><td></td><td></td><td></td></tr></tbody></table> <p>4. Progress with implementation of recommendations made by the Risk officer.</p> <p>5. Challenges and recommendations on how risk management can be improved within the Municipality.</p> <p><i>Free State Provincial Treasury may be requested to assist with Risk Management.</i></p>	Number of Risks					High	Medium	Low	New	Not Managed						
Number of Risks																		
High	Medium	Low	New	Not Managed														
ITEM 4		BUDGET 2012/2013 (MTREF)																
Objective		- To review the Budget, making financial analysis on credibility. - Assess linkage to the IDP and SDBIP																
	Observation	Recommendation	Focus Area															
Issue 1	Establish whether the Municipality complied with Section 72(a) of MFMA.																	
Issue 2	It was noted that the Municipality indicated that the e-Venus system does not allow over-spending on the votes. How is it that the Municipality incurred unauthorised expenditure in the prior year?																	
Issue 3	How does the Municipality intends to subsidize a tariff increase of 8,5% for Sedibeng Water, when the entity itself didn't increase water tariffs?																	
Issue 4	Were budget related policies or amendments approved by Council? Council Resolution (27 March 2012)																	
Issue 5	We take cognisance that the Municipality has	That the implementation of Revenue Strategy be																

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	adopted a Revenue Enhancement Strategy and Financial Recovery 10 point plan.	reported to Council and copy to AC.	
Issue 6	Capital Budget: Internally generated funds of R35m will be funding Capital projects. The municipality should indicate the basis for this estimate. Was the Municipality able to contribute towards internally generated funds in 2011/2012		
			T G

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipality | APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

* Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A

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APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1-Council General	557,222	408,097,000		570,189,011	-40%	
Vote 2 - Office of the Executive Mayor						
Vote 3 - Office of the Speaker						
Vote 4 - Office of the Municipal Manager	65,562,746	23,340,000		85,471,142	-266%	
Vote 5 - Corporate Support Services		75,000				
Vote 6 - Finance	231,233,649	192,328,000		182,091,874	5%	
Vote 7 - Human Resources						
Vote 8 - Community Services	54,346,804	55,350,000		63,934,178	-16%	
Vote 9 - Public Safety and Security	2,294,444	1,762,000		3,631,052	-106%	
Vote 10 - Economic Development						
Vote 11 - Engineering Services						
Vote 12 - Water	268,107,469	281,247,000		283,027,537	-1%	
Vote 13- Electricity	335,534,187	518,737,000		390,708,510	25%	
Vote 14 - Mechanical Workshop						
Vote 15 - Housing Services	10,084,903	11,000,000		10,492,364	5%	
Total Revenue by Vote	1,524,386	1,491,936	-	1,589,546	(0)	-
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						
T K.1						

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APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	200,362	136,325	–	152,938	11%	100%
Property rates - penalties & collection charges	–	–	–	–	-33%	100%
Service Charges - electricity revenue	335,534	518,737	–	390,709	-1%	100%
Service Charges - water revenue	179,833	183,017	–	181,973	3%	100%
Service Charges - sanitation revenue	88,274	98,230	–	101,055	14%	100%
Service Charges - refuse revenue	54,347	55,280	–	63,934		
Service Charges - other	–	–	–	–	-5%	100%
Rentals of facilities and equipment	10,085	11,000	–	10,492	100%	100%
Interest earned - external investments	8,847	–	–	7,420	6%	100%
Interest earned - outstanding debtors	56,716	73,340	–	78,052	100%	100%
Dividends received	9	–	–	21	51%	100%
Fines	2,287	1,763	–	3,623	100%	100%
Licenses and permits	8	–	–	8	27%	100%
Agency services	7,488	6,000	–	8,273	0%	100%
Transfers recognized - operational	362,916	392,899	–	393,666	26%	100%
Other revenue	23,384	15,345	–	20,860		
Gains on disposal of PPE	–	–	–	–		
Environmental Protection	–	–	–	–		
Total Revenue (excluding capital transfers and contributions)	1,330,089	1,491,936	–	1,413,023	-5.58%	100.00%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						
T K.2						

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APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighborhood Development Partnership Grant	5000000	0	500000	90%		
Public Transport Infrastructure and Systems Grant						
Other Specify:						
Finance Management Grant	1000000		1450000	-45%		
Municipal systems improvement grant	750000		790000	-5%		
Integrated National Electrification Programme Grant	2286000		1264581	45%		
DME			1396491			
EPWP	3335000					
Total	12371000		5401072	56%		
<p>* This includes Neighborhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						
						TL

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Delete Directive note once comment is completed – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

TL1

APPENDICES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	–	–		–	–	–	–
Infrastructure: Road transport - Total	–	–		–	–	–	–
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	–	–		–	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	–	–		–	–	–	–
Waste Management							
Transportation							
Gas							
Other							
Community - Total	–	–		–	–	–	–
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
<i>Table continued next page</i>							

APPENDICES

Table continued from previous page							
Capital Expenditure - New Assets Programme*							
Description	R '000						
	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on new assets	-	-		-	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							
							T M.1

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APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	–	–		–	–	–	–
Infrastructure: Road transport - Total	–	–		–	–	–	–
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	–	–		–	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	–	–		–	–	–	–
Waste Management							
Transportation							
Gas							
Other							
Community	–	–		–	–	–	–
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	–	–		–	–	–	–
Buildings							
Other							
Table continued next page							

APPENDICES

Table continued from previous page							
Capital Expenditure - Upgrade/Renewal Programme*							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							T.M.2

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 2012/2013					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
Thabong T12 water network	1000000	0	1000000	100%	0%
Kutlwano stadium area	300000	0	3000000	100%	90%
Klippan water pipe line	43000000	0	43000000	100%	0%
Sanitation/Sewerage					
Witpan WWTW	39,000,000	43000000	39,000,000	-10%	0%
Thabong T12 sewer network	2500000	0	2500000	100%	0%
Electricity					
high mast light phase III	3400000	2000000	3400000	41%	0%
electric panels at substations	800000	0	50000	100%	-1500%
Housing					
Refuse removal					
Stormwater					
Meloding stormwater	8000000	0	8000000	100%	0%
Phomolong stormwater	9000000	0	9000000	100%	0%
Economic development					
Welkom market stalls	700000	0	100000	100%	-600%
Virginia market stalls	450000	90	100000	100%	-350%
Sports, Arts & Culture					
Mmamahabane sport facility	8000000	0	8000000	100%	0%
Nyakallong sport facility	9000000	0	9000000	100%	0%
Environment					
Health					
Safety and Security					
ICT and Other					
					T N

APPENDICES

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: Year 2012/2013			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Water			
Thabong T12 water network	25	water pipelines installed awaiting meters	
Kutlwanong stadium area	18	project on tender stage	
Klippan water pipe line	32	project completed	
Sanitation/Sewerage			
Witpan WWTW	32	structures in place pumps required	
Thabong T12 sewer network	25	sewer pipelines installed	
Electricity			
high mast light phase III	1, 2, 7, 10, 12, 17, 19, 21, 25, 26	poles erected awaiting connection	
electric panels at substations	12	project on tender stage	
Housing			
Refuse removal			
Stormwater			
Meloding stormwater	5, 6, 7	storm water canals completed	
Phomolong stormwater	2, 3	storm water canals completed	
Economic development			
Welkom market stalls	33	project on tender stage	
Virginia market stalls	8	project on tender stage	
Sports, Arts & Culture			
Mmamahabane sport facility	1	pavilion completed, need electricity	
Nyakallong sport facility	19	pavilion completed, need electricity	
Environment			
Health			
Safety and Security			
ICT and Other			
			T O

APPENDICES

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
Reservoirs		
Schools (Primary and High):		
Sports Fields:		
		T Q

APPENDICES

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.		
T S		

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS



Matjhabeng Local Municipality
Annual Financial Statements
for the year ended 30 June 2012

APPENDICES

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Municipal Services
Mayoral committee	
Executive Mayor	S Ngangelizwe
Councillors	Speaker - C Stofile Chief Whip - MJ Sephiri MMC Policy & Monitoring - TD Khalipha MMC Community Services - D Kotzee MMC Finance - MA Mbana MMC Technical Services - KJ Menyatso MMC Corporate Services - MSE Mfebe MMC Social Services - ML Radebe MMC Public Safety - NW Speelman MMC Human Settlements - FE Taliwe MMC Special Programmes - ML Thlone TL Mabote KS Tsubella MA Mothege PA Molelekoa PMI Molelekoa TN Molete NE Monjovo MD Masienyane DC Smit VR Morris KR Tlake TJ Thelingoane MS Mosala KI Ntlele LC Mokausi PV Makgowe AX Mbambo RT Molupe ME Phetise Z Sifatya VN Dali MA Mphikeleli GL Qwesha SJ Tsatsa MS van Rooyen MM Madumise MJ Thateng HA Mokhomo HCT van Schalkwyk R Beneke ZHJ Naude MI Riet MT de Villiers ME Banyane MJM Badenhorst PF Botha CP Chaka D Fanie JJC Fourie DM Mafa JS Marais MM Matlebe

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Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

General Information

Mayoral committee (continued)
Councillors (continued)

ZV Mafongosi
PP Mholo
FG May
NC Mkhuzane
G Mlangeni
TG Mokotedi
MJ Molefi
MP Motshabi
MH Ntsebeng
KI Petleki
MC Radebe
A Styger
SDM Taljaard
TE Thoabala
ME Tsubane
M Twanana
NM Vanga
V van Rooyen
PP Thembani (Deceased - 22 November 2012. Replaced by M Twanana)
ME Lande (Deceased - 4 March 2012. Replaced by V Van Rooyen)

Accounting Officer

G Ramathebane

Registered office

Civic Centre
Welkom
9460

Postal address

PO Box 708
Welkom
9460

Bankers

ABSA Bank Limited
Welkom

Auditors

Auditor General of South Africa

Grading of local municipality

Grade 4 (Refer to note 40 with regards to the dispute on the grading of the Municipality)

APPENDICES

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Index

The reports and statements set out below comprise the annual financial statements presented to the council:

Index	Page
Accounting Officer's Responsibilities and Approval	4
Report of the Auditor General	5
Accounting Officer's Report	6 - 7
Statement of Financial Position	8
Statement of Financial Performance	9
Statement of Changes in Net Assets	10
Cash Flow Statement	11
Accounting Policies	12 - 30
Notes to the Annual Financial Statements	31 - 92
Appendixes:	
Appendix A: Schedule of External loans	94

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant

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Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer certifies that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act, except as disclosed in note 47 of these financial statements.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The municipality is dependent on the government for continued funding of operations to a large extent. The annual financial statements are prepared on the basis that the municipality is a going concern and that the government has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the Cogta and Treasury.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The accounting officer is responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act and which is signed by him on behalf of the Municipality.

The annual financial statements set out on page ____ to ____, which have been prepared on the going concern basis, were approved by the accounting officer on 03 December 2012:

G. Ramathebane
Municipal Manager

APPENDICES



Report of the Auditor General

To the Provincial Legislature of Matjhabeng Local Municipality

Report on the financial statements

The Auditor General of South Africa will insert his report here upon finalisation.

Auditor General of South Africa

APPENDICES

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2012.

1. Review of activities

Main business and operations

The municipality is engaged in municipal services and operates principally in the Republic of South Africa.

Net deficit of the municipality was R 478,298,799 (2011: deficit R 302,987,167).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

We draw attention to note 44 to the financial statements in this regard.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name
G. Ramathebane

6. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The accounting officer discuss the responsibilities of management in this respect, at Board meetings and monitor the municipality's compliance with the code on a three monthly basis.

The salient features of the municipality's adoption of the Code is outlined below:

Council

The Council

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;

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Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Officer's Report

Audit committee

The Audit committee were active for the last 7 months of the financial year.

Internal audit

The municipality has an internal audit function.

7. Bankers

ABSA Bank Limited

8. Auditors

Auditor General of South Africa will continue in office for the next financial period.

9. Non compliance with applicable legislation

Non compliance with applicable legislation are disclosed in the following notes to the financial statements:

Municipal Finance Management Act:

Note 45 - Unauthorised expenditure

Note 46 - Fruitless and wasteful expenditure

Note 47 - Irregular expenditure

Government gazette No. 27636

Note 49 - Deviation from supply chain management regulations

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Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
Assets			
Current Assets			
Inventories	3	706,284,089	708,587,506
Other financial assets	4	10,606,359	16,213,122
Trade and other receivables	5	5,721,960	12,266,486
VAT receivable	11	-	913,198
Consumer debtors	6	126,790,737	103,804,445
Cash and cash equivalents	7	44,664,502	35,279,285
		894,067,647	877,064,042
Non-Current Assets			
Investment property	51	283,310,350	314,080,067
Property, plant and equipment	8	4,839,286,952	5,007,018,774
Other financial assets	4	28,183,059	24,346,148
Consumer debtors	9	1,707,919	457,563
		5,152,488,280	5,345,902,552
Total Assets		6,046,555,927	6,222,966,594
Liabilities			
Current Liabilities			
Other financial liabilities	12	19,275,605	19,841,247
Finance lease obligation	13	5,878,219	4,800,585
Trade and other payables	14	877,955,749	632,718,523
VAT payable	15	32,345,883	-
Consumer deposits	16	27,936,787	26,995,233
Unspent conditional grants and receipts	17	13,546,547	45,477,647
		976,938,790	729,833,235
Non-Current Liabilities			
Other financial liabilities	12	-	1,770,266
Finance lease obligation	13	1,195,048	7,045,315
Retirement benefit obligation	20	224,650,000	189,827,000
Provisions	18	86,063,718	58,483,608
		311,908,766	257,126,189
Total Liabilities		1,288,847,556	986,959,424
Net Assets		4,757,708,371	5,236,007,170
Net Assets			
Accumulated surplus		4,757,708,371	5,236,007,170

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Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
Revenue			
Property rates	22	152,938,125	200,361,727
Service charges	23	737,670,225	657,988,460
Rental of facilities and equipment	37	10,492,364	10,084,903
Interest received (trading)		78,051,520	56,716,174
Commission received		8,272,557	7,487,940
Fines		3,623,477	2,286,768
Licences and permits		7,575	7,676
Government grants & subsidies	24	570,189,011	557,221,981
Other income	25	20,860,402	23,383,982
Interest received - investment	26	7,419,622	8,846,572
Dividends received	26	20,790	8,671
Total Revenue		1,589,545,668	1,524,394,854
Expenditure			
Personnel	27	(462,381,459)	(428,359,632)
Remuneration of councillors	28	(19,998,688)	(19,143,657)
Depreciation and amortisation	29	(359,831,518)	(350,340,708)
Impairment loss/ Reversal of impairments	30	(369,705,510)	(372,218,566)
Finance costs	31	(85,039,476)	(45,618,763)
Repairs and maintenance	38	(36,209,224)	(30,731,627)
Bulk purchases	32	(520,781,456)	(436,037,979)
Contracted services	33	(8,044,502)	(2,726,742)
General Expenses	34	(209,132,561)	(154,771,583)
Total Expenditure		(2,071,124,394)	(1,839,949,257)
Loss on disposal of assets and liabilities		(290,408)	(146,408)
Fair value adjustments		3,570,335	12,713,644
Deficit for the year		(478,298,799)	(302,987,167)

APPENDICES

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2010	438,342,461	438,342,461
Changes in net assets		
Restatement of opening retained income 01 July 2010	41,356,917	41,356,917
Restatement of 2010 profit	3,787,984	3,787,984
Net income (losses) recognised directly in net assets	45,144,901	45,144,901
Surplus for the year	(302,987,167)	(302,987,167)
Total recognised income and expenses for the year	(257,842,266)	(257,842,266)
Prior year adjustments	5,055,506,975	5,055,506,975
Total changes	4,797,664,709	4,797,664,709
Balance at 01 July 2011	5,236,007,170	5,236,007,170
Changes in net assets		
Surplus for the year	(478,298,799)	(478,298,799)
Total changes	(478,298,799)	(478,298,799)
Balance at 30 June 2012	4,757,708,371	4,757,708,371

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Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Cash Flow Statement

Figures in Rand	Note(s)	2012	2011
Cash flows from operating activities			
Receipts			
Cash receipts from customers		1,533,423,588	1,147,897,380
Interest income		7,419,622	8,846,572
Dividends received		20,790	8,671
		<u>1,540,864,000</u>	<u>1,156,752,623</u>
Payments			
Cash paid to suppliers and employees		(1,276,390,344)	(799,552,984)
Finance costs		(55,492,112)	(32,228,598)
		<u>(1,331,882,456)</u>	<u>(831,781,582)</u>
Net cash flows from operating activities	35	208,981,544	324,971,041
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(345,789,346)	(444,407,867)
Purchase of investment property	51	(96,663)	-
Proceeds from sale of financial assets		1,769,852	(4,417,461)
Transfer of work in progress to Infrastructure		150,055,541	134,519,721
Net cash flows from investing activities		(194,060,616)	(314,305,607)
Cash flows from financing activities			
Repayment of other financial liabilities		1,234,427	7,538,651
Finance lease payments		(6,770,138)	(5,500,414)
Net cash flows from financing activities		(5,535,711)	2,038,237
Net increase/(decrease) in cash and cash equivalents		9,385,217	12,703,671
Cash and cash equivalents at the beginning of the year		35,279,285	22,575,614
Cash and cash equivalents at the end of the year	7	44,664,502	35,279,285

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Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board as listed below:

GRAP 1 Presentation of Financial Statements
GRAP 2 Cash Flow Statements
GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 Accounting policies, changes in accounting estimates and errors
GRAP 5 Borrowing Cost
GRAP 6 Consolidated and Separate Financial Statements
GRAP 7 Investments in Associates
GRAP 8 Interests in joint ventures
GRAP 9 Revenue from Exchange Transactions
GRAP 10 Financial reporting in hyperinflationary economies
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events After the Reporting Date
GRAP 16 Investment Property
GRAP 17 Property, Plant and Equipment
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP 100 Non-current Assets Held for Sale and Discontinued Operations
GRAP 102 Intangible Assets
IFRS 3 Business combinations
IFRS 4 Insurance contracts
IFRS 6 Exploration for and evaluation of mineral resources
IFRS 7 Financial instruments: Disclosures
IAS 12 Income taxes
IAS 19 Employee Benefits
IAS 32 Financial Instruments: Presentation
IAS 39 Financial Instruments: Recognition and measurement
IAS 36 Impairment of assets
IPSAS 20 Related Parties
IPSAS 21 Impairment non-cash generating assets
GAMAP 9.29 - .35 & .39 - .54 Revenue
IGRAP 1 Applying the probability test on initial recognition of exchange revenue
IFRIC 2 Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 Determining whether an Arrangement contains a Lease
IFRIC 9 Reassessment of Embedded Derivatives
IFRIC 12 Service Concession Arrangements
IFRIC 13 Customer Loyalty Programmes
IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
SIC 21 Income Taxes – Recovery of Re-valued Non-Depreciable Assets
SIC 25 Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
SIC 29 Disclosure – Service Concession Arrangements
Directive 1 Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2 Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
Directive 3 Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities
Directive 4 Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities
Directive 5 Determining the GRAP Reporting Framework
Directive 7 The application of deemed cost on the adoption of Standards of Grap
ASB guide 1 Guideline on Accounting for Public Private Partnerships

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

These accounting policies are consistent with the previous period.

1.1 Relevant Legislation

Legislation:

The following legislation refers to the relevant legislation governing the municipality's operations:

- The Constitution of the Republic of South Africa;
- The Municipal Structures Act 117 of 1998;
- The Municipal Systems Act 32 of 2000;
- The Municipal Finance Management Act 56 of 2003;
- The Municipal Property Rates Act 6 of 2004;
- The Basic Conditions of the Employment Act 75 of 1997;
- The Value Added Tax Act 89 of 1991;
- The Skills Development Act 9 of 1999;
- The Water Service Act 108 of 1997;
- The Housing Act of 1997;
- The Promotion of Access to Information Act 2 of 2000; and
- The Disaster Management Act 57 of 2000

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provisions

Provisions were raised for future rehabilitation costs of landfill sites and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related medical aid and pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Community Facilities	7 - 50 years
Halls	5 - 50 years
Stadiums	5 - 50 years
Swimming Pools	7 - 50 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.4 Property, plant and equipment (continued)

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land and Buildings	
• Land	Indefinite life
• Cemeteries	7 - 50 years
• Community assets	5 - 50 years
• Heritage assets	Indefinite life
• Road reserve furniture	30 years
• Operational facilities	7 - 30 years
• Solid waste	7 - 50 years
• Buildings	5 - 50 years
Infrastructure	
• Roads	10 - 80 years
• Electricity	20 - 50 years
• Sanitation	1 - 50 years
• Water	indefinite - 50 years
Other property, plant and equipment	
• Bins and Containers	5 - 10 Years
• Motor Vehicles	3 - 7 Years
• Furniture and Fittings	7 - 10 Years
• Specialist Vehicles	10 - 15 Years
• Office Equipment	3 - 7 Years
• IT Equipment	15 Years
• Other Equipment	2 - 5 Years
• Specialised equipment	10 - 15 Years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.5 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Dividend income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Matjhabeng Local Municipality

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Accounting Policies

1.5 Financial instruments (continued)

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance/provision recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance/provision account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance/provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

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Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.5 Financial instruments (continued)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Matjhabeng Local Municipality

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Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.6 Leases (continued)

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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Matjhabeng Local Municipality

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Accounting Policies

1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Identification

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

APPENDICES

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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1.9 Impairment of non-cash-generating assets (continued)

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.10 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

These plans include the municipality's pension, provident and annuity funds.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted at intervals not exceeding three years by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Actuarial gains and losses at the end of the previous period, arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the income statement.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

These plans include the municipality's medical aid funds (post-retirement health care benefits).

1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.11 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

An entity assesses the probability of each transaction on an individual basis when it occurs. Entities shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial recognition.

The full amount of revenue will be recognised at initial recognition. Assessing impairment is an event that takes place subsequently to initial recognition. Such impairment is an expense. Revenue is not reduced by this expense the probability test on initial recognition of exchange revenue; it should not be applied by analogy to other types of transactions.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.12 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest and dividends

Revenue arising from the use by others of entity assets yielding interest and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.13 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.14 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.15 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.16 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

APPENDICES

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Accounting Policies

1.20 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.22 Presentation of currency

These annual financial statements are presented in South African Rand.

1.23 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.24 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.25 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.26 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

Comparative information is not required.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand

2012

2011

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IGRAP 3: Determining Whether an Arrangement Contains a Lease

This Interpretation of the Standards of GRAP does not apply to arrangements that are, or contain, leases excluded from the scope of the Standard of GRAP on Leases (as revised in 2010).

The issues addressed in this Interpretation of the Standards of GRAP are:

- how to determine whether an arrangement is, or contains, a lease as defined in the Standard of GRAP on Leases (as revised in 2010);
- when the assessment or a reassessment of whether an arrangement is, or contains, a lease should be made; and
- if an arrangement is, or contains, a lease, how the payments for the lease should be separated from payments for any other elements in the arrangement.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

This Interpretation of the Standards of GRAP applies to accounting in the financial statements of a contributor for interests arising from decommissioning funds that have both of the following features:

The issues addressed in this Interpretation of the Standards of GRAP are:

- the assets are administered separately (either by being held in a separate legal entity or as segregated assets within another entity); and
- a contributor's right to access the assets is restricted.

A residual interest in a fund that extends beyond a right to reimbursement, such as a right to distributions once all the decommissioning has been completed or on winding up the fund, may be an equity instrument within the scope of the Standard of GRAP on Financial Instruments and is not within the scope of this Interpretation of the Standards of GRAP.

The issues addressed in this Interpretation of the Standards of GRAP are:

- how should a contributor account for its interest in a fund?
- when a contributor has an obligation to make additional contributions, for example, in the event of the liquidation of another contributor, how should that obligation be accounted for?

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

IGRAP 8: Agreements for the Construction of Assets from Exchange Transactions

This Interpretation applies to the accounting for revenue and associated expenses by entities that undertake the construction of assets in exchange transactions directly or through subcontractors. The construction of assets entered into by entities where funding to support the construction activity will be provided by an appropriation or similar allocation of general government revenue or by aid or grant funds are excluded from the scope of this Interpretation of the Standards of GRAP.

Agreements in the scope of this Interpretation of the Standards of GRAP are agreements for the construction of assets in exchange transactions. In addition to the construction of assets in exchange transactions, such agreements may include the delivery of other goods or services.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The Interpretation of the Standards of GRAP addresses two issues:

- Is the agreement within the scope of the Standard of GRAP on Construction Contracts (as revised in 2010) or the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010)?
- When should revenue from the construction of assets in exchange transactions be recognised?

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

IGRAP 13: Operating Leases – Incentives

In negotiating a new or renewed operating lease, the lessor may provide incentives for the lessee to enter into the agreement. Examples of such incentives are an up-front cash payment to the lessee or the reimbursement or assumption by the lessor of costs of the lessee (such as relocation costs, leasehold improvements and costs associated with a pre-existing lease commitment of the lessee). Alternatively, initial periods of the lease term may be agreed to be rent free or at a reduced rent.

The issue is how incentives in an operating lease should be recognised in the financial statements of both the lessee and the lessor.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

IGRAP 14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease

An entity may enter into a transaction or a series of structured transactions (an arrangement) with an unrelated party or parties (an investor) that involves the legal form of a lease. For example, an entity may lease assets to an investor and lease the same assets back, or alternatively, legally sell assets and lease the same assets back. The form of each arrangement and its terms and conditions can vary significantly. In the lease and leaseback example, it may be that the arrangement is designed to achieve a tax advantage for the investor that is shared with the entity in the form of a fee, and not to convey the right to use an asset.

When an arrangement with an investor involves the legal form of a lease, the issues are:

- how to determine whether a series of transactions is linked and should be accounted for as one transaction;
- whether the arrangement meets the definition of a lease under the Standard of GRAP on Leases (as revised in 2010); and, if not,
 - whether a separate investment account and lease payment obligations that might exist represent assets and liabilities of the entity;
 - how the entity should account for other obligations resulting from the arrangement; and
 - how the entity should account for a fee it might receive from an investor.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

GRAP 1 (as revised 2010): Presentation of Financial Statements

The revision resulted in various terminology and definition changes.

Additional commentary has been added, describing the purpose of financial statements in the public sector.

Commentary has been added to explain that where legislation requires a departure from a particular Standard of GRAP and that departure is material, entities cannot claim compliance with the Standards of GRAP.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Additional disclosure requirements have been added regarding the following areas: assets and liabilities included in disposal groups classified as held for sale, biological assets, deferred tax assets (liabilities), tax expense, post-tax surplus or deficit and the use of transitions provision in the accounting policy.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

GRAP 2 (as revised 2010): Cash Flow Statements

The revision resulted in various terminology and definition changes.

Operating cash flows:

- Where an entity is in the business of renting and subsequently selling the same assets, these cash flows should be regarded as operating rather than investing cash flows.

Investing cash flows:

- Only expenditures incurred on a recognised asset qualify to be classified as investing activities in the cash flow statement.

Acquisitions and disposals of controlled entities and other operating units:

- Guidance relating to acquisitions and disposals of entities, particularly those on another basis of accounting, has been deleted.

Disclosure of undrawn borrowing facilities, restricted cash balances and the operating, investing and financing cash flows of jointly controlled entities accounted for using the proportionate consolidation method, now encouraged rather than required.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

GRAP 3 (as revised 2010): Accounting policies, Changes in Accounting Estimates and Errors

The revision resulted in various terminology and definition changes.

Paragraphs added to Changes in accounting policies

- A change from one basis of accounting to another basis of accounting is a change in accounting policy.
- A change in the accounting treatment, recognition or measurement of a transaction, event or condition within a basis of accounting is regarded as a change in accounting policy.

Selection of accounting policies

- The reference to the Accounting Practices Committee (APC) of SAICA has been deleted from paragraph .11 on the basis that it is not a standard setter and that entities would consider information from a wide range of sources in formulating an accounting policy and not just the pronouncements of the APC.
- Commentary on the selection of benchmark and alternative accounting policies has been deleted.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 9 (as revised 2010): Revenue from Exchange Transactions

The revision resulted in various terminology and definition changes.

Dividends or similar distributions declared from pre-acquisition surpluses:

Paragraph .36 has been amended to encompass not only securities, but any contributed capital.

Various amendments, deletions and additions to examples included in the appendix.

All amendments to be applied retrospectively

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

GRAP 12 (as revised 2010): Inventories

The revision resulted in various terminology and definition changes.

Cost formulas:

Paragraph .34 was amended and .35 was added to separate the principle from the exception when applying the cost formula for inventories with a similar nature and use to the entity.

Recognition as an expense:

Where reference has been made to 'net realisable value', 'current replacement cost' has been added.

Fair value measurement:

The appendix on how to determine fair value has been deleted.

All amendments to be applied retrospectively

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

GRAP 13 (as revised 2010): Leases

The revision resulted in various terminology and definition changes.

Scope:

Paragraph .04 has been included to clarify that this Standard does not apply to lease agreements to explore for or use natural resources such as oil, gas, timber, metals and other mineral rights and licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

Non-current Assets Held for Sale and Discontinued Operations:

Paragraph .51 has been added to clarify that finance lease assets classified as held for sale in accordance with the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations shall be accounted for in accordance with that Standard.

Guidance on accounting for finance leases by lessors:

The paragraph (previously paragraph .53) that provided guidance on the recognition of assets where entities enter into arrangements with private sector entities has been deleted as the Guideline on Accounting for Public Private Partnerships supersedes this guidance.

Guidance on operating lease incentives and substance over legal form:

The guidance included in the original text on substance over legal form has been deleted.

APPENDICES

Matjhabeng Local Municipality

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Classification of leases on land and buildings elements:

The guidance on the classification of land and buildings has been amended to ensure that the element of the lease relating to the land is classified as a finance lease where significant risks and rewards have been transferred, despite there being no transfer of title, consistent with the general classification guidance.

All amendments to be applied retrospectively

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

GRAP 14 (as revised 2010): Events After the Reporting Date

Existence of a liability for dividends or similar distributions:

Paragraph .13 of GRAP 14 was amended to clarify that no liability exists at the reporting date for dividends or similar distributions declared after the reporting date.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

GRAP 16 (as revised 2010): Investment Property

The revision resulted in various terminology and definition changes.

Recognition of investment property:

- Additional commentary has been included in paragraph .19 and .20 to explain paragraph .18 that outlines the recognition criteria for investment property.
- This Standard includes investment property under construction as it was inconsistent with the requirement that investment property being redeveloped was still within the scope of this Standard, but not the initial development. As a result paragraphs .10 and .11 were amended, paragraphs .60 and .61 inserted, and paragraphs .25 and .65(e) of the original text deleted.
- The measurement principles were also amended accordingly to allow investment property under construction to be measured at cost if fair value cannot be measured reliably, until such time as the fair value can be measured reliably.
- Additional guidance has been included in the examples of investment property to clarify that the rentals earned do not have to be on a commercial basis or market related for the property to be classified as investment property.

Disclosure:

Entities are encouraged, rather than required, to disclose the fair value of investment property when this is materially different from the carrying amount.

Amendments to be applied as follow:

- Paragraphs .10(e), .54, .59, .62 and .65 were amended, paragraphs .60 and .61 were added and paragraph .25 and .11 (d) of the original text (2004) was deleted by the Improvements to GRAP issued in 1 April 2011. An entity shall apply those amendments prospectively for annual periods beginning on or after 1 April 2011. If an entity elects to apply these amendments earlier, it shall disclose this fact. The related amendment to paragraph .05 in the Standard of GRAP on Property, Plant and Equipment is also applied earlier.
- Any other amendments to the Standards of GRAP shall be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 17 (as revised 2010): Property, Plant and Equipment

The revision resulted in various terminology and definition changes.

Scope:

- The recognition and measurement of exploration and evaluation assets have been added to the scope exclusions.
- Investment properties under construction have been removed from the scope.

Measurement at initial recognition:

Paragraph .23 and .24 have been amended to clarify that the guidance applicable to determine fair value for revalued assets applies equally to the initial measurement of items of property, plant and equipment at fair value.

Depreciable amount and depreciation period:

An additional paragraph has been added to clarify that reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Derecognition:

- The requirement to not classify gains from the disposal of property, plant and equipment as revenue, has been removed.
- Paragraph .79 has been added in line with the IASB Improvements Project to clarify that where assets are held for rental to others in the ordinary course of operations and the entity subsequently sells the assets, the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations does not apply. Rather, these assets are to be transferred and treated in accordance with the Standard of GRAP on Inventories.

Disclosures:

- The required disclosures in paragraph .90 have been amended to encourage disclosures. Added to the list of encourage disclosures is the fair value disclosure of assets where the cost model is used.
- The requirement to disclose the cost basis for revaluated assets was removed.

Amendments to be applied as follow:

- Paragraphs .05, .23 and .24 were amended and paragraph .79 was added by the Improvements to GRAP issued in 1 April 2011. An entity shall apply those amendments prospectively for annual periods beginning on or after 1 April 2011. If an entity elects to apply these amendments earlier, it shall disclose this fact.
- Any other amendments to the Standards of GRAP shall be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

GRAP 19 (as revised 2010): Provisions, Contingent Liabilities and Contingent Assets

The revision resulted in certain terminology changes.

Social benefits:

Paragraphs .08 and .16(a) clarify that social benefits due at year end are 'payables', as the amounts due are certain in terms of legislation.

Binding agreements for restructurings:

Paragraph .87 has been amended to clarify that restructurings may take place in the public sector in terms of directives, legislation or other means. These alternative means are enforceable and may give rise to an obligation.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Interpretations:

In developing the Standard initially, the Board included relevant text from any Interpretation that had been issued by the International Financial Reporting Interpretations Committee (IFRIC) relating to provisions, contingent liabilities and contingent assets. The Board included selected text from IFRIC 1 on Changes in Decommissioning, Restoration and Similar Liabilities and IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds in line with the Board's decisions. The Board concluded at its May 2008 meeting that it would issue any Interpretations as separate documents rather than dispersing the text of the Interpretations across various Standards. As a result, paragraphs .37 to .43, .74 to .80, and Appendix F of the previous version of GRAP 19, have been deleted.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

GRAP 100 (as revised 2010): Non-current Assets Held for Sale and Discontinued Operations

The revision resulted in various terminology and definition changes.

Scope:

Paragraph .07 has been added to clarify the application of other Standards of GRAP to assets classified as non-current assets (or disposal groups) held for sale.

Plan to sell the controlling interest in a controlled entity:

- The Standard has been amended to clarify that an entity that is committed to a sales plan involving loss of control in a controlled entity shall classify all the assets and liabilities of that controlled entity as held for sale when the required criteria are met.
- The Standard has been amended to clarify that an entity that is committed to a sales plan involving loss of control of a controlled entity shall disclose the information required when the controlled entity is a disposal group that meets the definition of a discontinued operation.

Examples included in Appendix:

An additional example has been included regarding sale expected to be completed within one year.

Amendments to be applied as follow:

Paragraphs .13 and .42 were added by the Improvements to GRAP issued in 1 April 2011. An entity shall apply those amendments prospectively for annual periods beginning on or after 1 April 2011. If an entity elects to apply the amendments earlier, it shall disclose this fact.

- Any other amendments to the Standards of GRAP shall be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions on the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 01 April 2013.

The municipality expects to adopt the standard for the first time in the 2014 annual financial statements.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 21: Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

An municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- Depreciated replacement cost approach
- Restoration cost approach
- Service units approach

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

An municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

The municipality is unable to reliably estimate the impact of the standard on the annual financial statements.

GRAP 26: Impairment of cash-generating assets

Cash-generating assets are those assets held by an municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, an municipality estimates the recoverable amount of the asset. When estimating the value in use of an asset, an municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and an municipality applies the appropriate discount rate to those future cash flows.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

An municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, an municipality estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

The municipality is unable to reliably estimate the impact of the standard on the annual financial statements.

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
 - pool the assets contributed by various entities that are not under common control; and
 - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits:
 - All short-term employee benefits;
 - Short-term compensated absences;
 - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
 - Actuarial valuation method;
 - Attributing benefits to periods of service;
 - Actuarial assumptions;
 - Actuarial assumptions: Discount rate;
 - Actuarial assumptions: Salaries, benefits and medical costs;
 - Actuarial gains and losses;
 - Past service cost.
- Plan assets:
 - Fair value of plan assets;
 - Reimbursements;
 - Return on plan assets.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2013.

The municipality expects to adopt the standard for the first time in the 2014 annual financial statements.

The impact of this standard is currently being assessed.

GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests. Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument. Residual interests entitle an municipality to a portion of another municipality's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, an municipality considers the substance of the contract and not just the legal form.

Where a single instrument contains both a liability and a residual interest component, the issuer allocates the instrument into its component parts. The issuer recognises the liability component at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its component parts.

Financial assets and financial liabilities are initially recognised at fair value. Where an municipality subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Concessionary loans are loans either received by or granted to another municipality on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. An municipality measures a financial instrument at fair value if it is:

- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Derivatives are measured at fair value. Combined instruments that include a derivative and non-derivative host contract are accounted for as follows:

- Where an embedded derivative is included in a host contract which is a financial instrument within the scope of this Standard, an entity can designate the entire contract to be measured at fair value or, it can account for the host contract and embedded derivative separately using GRAP 104. An municipality is however required to measure the entire instrument at fair value if the fair value of the derivative cannot be measured reliably.
- Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, an municipality can however designate such an instrument to be measured at fair value.

An municipality can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once an municipality has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

An entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:

- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, an municipality has transferred control of the asset to another municipality.

An municipality derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where an municipality modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

An municipality cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an municipality's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that an municipality is exposed to as a result of its annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. An municipality is permitted to apply hedge accounting, as long as the principles in IAS 39 are applied.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

The adoption of this amendment is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

IGRAP 7: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This Interpretation of the Standards of GRAP applies to all post-employment defined benefits and other long-term employee defined benefits.

For the purpose of this Interpretation of the Standards of GRAP, minimum funding requirements are any requirements to fund a post-employment or other long-term defined benefit plan.

APPENDICES

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The issues addressed in this Interpretation of the Standards of GRAP are:

- When refunds or reductions in future contributions should be regarded as available in accordance with paragraph .68 of the Standard of GRAP on Employee Benefits.
- How a minimum funding requirement might affect the availability of reductions in future contributions

The Interpretation of the Standards of GRAP addresses accounting by the entity that grants award credits to its customers.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

The municipality expects to adopt the interpretation for the first time in the 2014 annual financial statements.

The impact of this amendment is currently being assessed.

3. Inventories

Consumables - at cost	3,909,826	2,149
Residential Buildings for resale	143,893	174,134
Water - at cost	1,607,694	7,788,547
Farm Land	75,910,456	75,910,456
Vacant Stands	624,712,220	624,712,220
	706,284,089	708,587,506

Refer to note 32 for the water purchases expensed during the year.

4. Other financial assets

Available-for-sale

Listed shares	287,317	291,453
Shares in Senwes and Senwesbel		

Held to maturity

RMB Asset Management (Guaranteed Investment Trust)	16,115,865	13,892,186
The maturity date of the investment is 2013/12/13 and interest is earned at a rate of 14.94% per annum.		
RMB Asset Management (Guaranteed Investment Trust)	11,779,877	10,162,509
The maturity date of the investment is 2015/10/19 and interest is earned at a rate of 14.86% per annum.		
ABSA Fixed Deposit (2059359440)	500,208	472,707
The maturity date of the investment is 2011/09/28 and interest is earned at a rate of 5.63% per annum.		
ABSA Fixed Deposit (2059440982)	10,106,151	15,740,415
The maturity date of the investment is 2012/04/30 and interest is earned at a rate of 6.15% per annum.		

Total other financial assets

	38,502,101	40,267,817
	38,789,418	40,559,270

Non-current assets

Available-for-sale	287,317	291,453
Held to maturity	27,895,742	24,054,695
	28,183,059	24,346,148

Current assets

Held to maturity	10,606,359	16,213,122
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APPENDICES

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
4. Other financial assets (continued)	38,789,418	40,559,270

Fair values are determined annually at statement of financial position date.

Fair value information

Fair values are determined annually at statement of financial position date.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 1

Shares in Senwes and Senwesbel	287,317	291,453
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Level 2

ABSA Fixed Deposits	10,606,359	16,213,122
RMB Asset Management (Guaranteed Investment Trust)	27,895,742	24,054,695
	38,502,101	40,267,817
	38,789,418	40,559,270

Investments pledged as collateral

Limited cession over ABSA investment account: 20-5944-0982	10,000,000	10,000,000
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Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value information

Available-for-sale financial assets are recognised at fair value, unless they are unlisted equity instruments and the fair value cannot be determined using other means, in which case they are measured at cost. Fair value information is not provided for these financial assets.

For debt securities classified as available-for-sale, the maximum exposure to credit risk at the reporting date is the fair value.

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2012 and 2011, as all the financial assets were disposed of at their redemption date.

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

APPENDICES

Matjhabeng Local Municipality

Annual Financial Statements for the year ended 30 June 2012

Notes to the Annual Financial Statements

Figures in Rand	2012	2011
5. Trade and other receivables		
Deposits	9,850	9,850
Health Subsidies	85,715	85,715
Other Receivables	5,626,395	12,170,921
	5,721,960	12,266,486
Included in other receivables are irregular expenditure incurred during the year which will be recovered. Refer to note 46 Included in other receivables are unspent conditional grants with favourable balances. Refer to note 24.		
6. Consumer debtors		
Gross balances		
Rates	279,879,667	196,291,084
Electricity	148,382,244	83,906,938
Water	563,410,461	340,531,092
Sewerage	236,582,320	138,797,622
Refuse	162,942,000	97,063,978
Housing rental	769,145	697,359
Other (specify)	101,523,532	285,247,221
	1,493,489,369	1,142,535,294
Less: Provision for debt impairment		
Rates	(236,000,988)	(174,967,192)
Electricity	(110,333,494)	(41,620,885)
Water	(537,422,601)	(323,444,791)
Sewerage	(226,472,360)	(129,767,270)
Refuse	(157,914,401)	(92,404,069)
Housing rental	(762,891)	(680,485)
Other (specify)	(97,791,897)	(275,846,157)
	(1,366,698,632)	(1,038,730,849)
Net balance		
Rates	43,878,679	21,323,892
Electricity	38,048,750	42,286,053
Water	25,987,860	17,086,301
Sewerage	10,109,960	9,030,352
Refuse	5,027,599	4,659,909
Housing rental	6,254	16,874
Other (specify)	3,731,635	9,401,064
	126,790,737	103,804,445
Rates		
Current (0 -30 days)	6,832,599	10,493,636
31 - 60 days	3,561,475	3,802,902
61 - 90 days	2,311,081	2,796,358
91 - 120 days	31,173,524	4,230,996
	43,878,679	21,323,892
Electricity		
Current (0 -30 days)	23,603,724	29,402,868
31 - 60 days	7,156,595	6,669,877
61 - 90 days	1,026,926	3,134,329
91 - 120 days	6,261,505	3,078,979
	38,048,750	42,286,053

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6. Consumer debtors (continued)		
Water		
Current (0 -30 days)	8,191,882	7,383,334
31 - 60 days	1,763,340	3,332,054
61 - 90 days	856,336	2,542,747
91 - 120 days	15,176,302	3,828,166
	25,987,860	17,086,301
Sewerage		
Current (0 -30 days)	3,005,977	4,452,241
31 - 60 days	1,059,000	2,033,224
61 - 90 days	440,519	1,071,879
91 - 120 days	5,604,464	1,473,008
	10,109,960	9,030,352
Refuse		
Current (0 -30 days)	1,512,237	2,349,883
31 - 60 days	438,555	861,552
61 - 90 days	193,922	544,223
91 - 120 days	2,882,885	904,251
	5,027,599	4,659,909
Housing rental		
Current (0 -30 days)	6,254	5,671
31 - 60 days	-	5,625
61 - 90 days	-	5,578
	6,254	16,874
Other		
Current (0 -30 days)	733,747	3,044,635
31 - 60 days	293,875	2,055,513
61 - 90 days	62,533	1,948,252
91 - 120 days	2,641,480	2,352,664
	3,731,635	9,401,064
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	67,998,284	50,885,754
31 - 60 days	42,411,847	36,354,560
61 - 90 days	37,108,922	37,367,990
91 - 120 days	1,137,495,075	822,439,613
	1,285,014,128	947,047,917
Less: Provision for debt impairment	(1,231,354,926)	(892,046,492)
	53,659,202	55,001,425

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6. Consumer debtors (continued)		
Industrial/ commercial		
Current (0 -30 days)	30,574,970	32,273,285
31 - 60 days	19,315,033	10,807,082
61 - 90 days	5,095,250	8,152,395
91 - 120 days	112,141,948	133,275,578
	167,127,201	184,508,340
Less: Provision for debt impairment	(135,343,705)	(139,700,798)
	31,783,496	44,807,542
National and provincial government		
Current (0 -30 days)	6,599,197	2,429,351
31 - 60 days	3,347,884	1,367,166
61 - 90 days	1,998,065	324,946
91 - 120 days	29,402,893	6,857,573
	41,348,039	10,979,036
Less: Provision for debt impairment	-	(6,983,557)
	41,348,039	3,995,479
Total		
Current (0 -30 days)	105,175,406	85,588,390
31 - 60 days	65,252,147	48,528,808
61 - 90 days	44,413,192	45,845,331
91 - 120 days	1,301,705,669	981,994,420
Less: Arrear accounts reflected as non current consumers	(23,057,045)	(19,421,656)
	1,493,489,369	1,142,535,293
Less: Provision for debt impairment	(1,366,698,632)	(1,038,730,848)
	126,790,737	103,804,445
Less: Provision for debt impairment		
Current (0 -30 days)	(61,286,030)	(28,456,124)
31 - 60 days	(50,801,924)	(29,768,060)
61 - 90 days	(39,310,921)	(34,482,450)
91 - 120 days	(1,215,299,757)	(946,024,215)
	(1,366,698,632)	(1,038,730,849)
Reconciliation of debt impairment provision		
Balance at beginning of the year	(1,038,730,849)	(683,212,269)
Contributions to provision	(333,539,314)	(359,178,064)
Debt impairment written off against provision	5,571,531	3,659,484
	(1,366,698,632)	(1,038,730,849)

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

None of the financial assets that are fully performing have been renegotiated in the last year.

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of financial performance (note 30). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

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	2012	2011
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6. Consumer debtors (continued)

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The municipality does not hold any collateral as security.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	38,504	31,626
Bank balances	44,625,998	35,247,659
	44,664,502	35,279,285

The total amount of undrawn facilities available for future operating activities and commitments:

Overdraft facility	10,000,000	10,000,000
Housing Guarantees facility	200,000	200,000
ACB Debits facility	1,500,000	1,500,000
Fleet card	60,000	-

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for ABSA overdraft facilities	900,000	900,000
Limited cession of R900,000 over ABSA call account: 50-6438-8780		

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7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2012	30 June 2011	30 June 2010	30 June 2012	30 June 2011	30 June 2010
ABSA (Welkom Branch) - Account Number 40 5370 5465 (Primary Bank Account)	38,037,201	14,748,544	640,720	39,575,541	15,950,357	3,492,553
Outstanding cheques reallocated to trade and other payables	-	-	-	-	-	6,931,766
Prior year error cut-off correction - July 2011 receipts reallocated to consumer debtors	-	-	-	-	-	(7,799,462)
ABSA (Welkom Branch) - Account Number 40 5533 9852 (MVS Joint Account)	-	-	585	-	-	585
ABSA (Welkom Branch) - Account Number 405 644 3399 (Market Account)	1,583,328	1,352,731	1,110,525	1,245,208	1,622,271	1,108,265
FNB (Welkom Branch) - Account Number 542 3117 3409 (Collection Account)	587,775	389,545	273,461	587,774	389,545	273,311
ABSA - Account Number 6054300806	922,346	904,048	883,572	922,447	904,048	883,572
ABSA - Account Number 9094617107	26,879	426,879	426,879	26,881	427,348	427,932
ABSA - Account Number 9106684115	403,253	6,046,088	13,769,477	404,402	6,113,223	13,832,085
ABSA - Account Number 5064388780	-	900,000	900,000	-	900,000	900,000
ABSA - Account Number 911141338	341,229	11,927	11,647	341,323	11,944	11,672
ABSA - Account Number 9106684238	137,214	6,802,282	1,204,270	182,153	6,817,290	1,256,616
ABSA - Account Number 9106538138	6,868	824,493	167	7,380	826,322	2,269
ABSA - Account Number 9106684157	2,364	2,334	2,279	2,364	2,337	2,283
ABSA - Account Number 9123515666	11,091	10,961	10,710	11,092	10,961	10,710
ABSA - Account Number 6301667719	19,633	19,357	16,228	19,644	19,400	16,280
ABSA - Account Number 6304159559	29	29	29	29	29	29
ABSA - Account Number 9085913568	57,523	54,549	51,366	57,523	54,785	51,638
ABSA - Account Number 9065014332	510,612	484,210	455,956	510,612	486,307	458,374
ABSA - Account Number 9086656806	48,954	46,423	43,714	48,954	46,624	43,946
FNB - Account Number 61404001177	4,986	4,936	4,887	4,986	4,936	4,887
FNB - Account Number 62003503019	677,685	659,933	640,677	677,685	659,933	640,677
Total	43,378,970	33,689,269	20,447,149	44,625,998	35,247,660	22,549,988

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7. Cash and cash equivalents (continued)

Bank accounts without a balance at year end is:

ABSA - Account Number 6304284885

ABSA - Account Number 6303885159

8. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	536,072,300	-	536,072,300	536,072,300	-	536,072,300
Infrastructure	5,611,381,117	(1,759,270,393)	3,852,110,724	5,474,911,290	(1,448,044,734)	4,026,866,556
Furniture and fixtures	12,406,042	(10,498,561)	1,907,481	11,099,611	(10,369,982)	729,629
Motor vehicles	101,708,079	(62,477,572)	39,230,507	89,892,150	(55,618,237)	34,273,913
Office equipment	21,647,633	(17,894,077)	3,753,556	21,319,507	(14,101,343)	7,218,164
IT equipment	7,265,536	(3,596,225)	3,669,311	6,337,873	(3,139,417)	3,198,456
Other equipment	14,719,698	(9,050,895)	5,668,803	12,403,815	(6,710,559)	5,693,256
Bins and containers	117,098	(116,676)	422	117,098	(116,626)	472
Specialised Vehicles	66,393,926	(10,925,008)	55,468,918	65,865,117	(6,763,379)	59,101,738
Capital work in progress	341,404,930	-	341,404,930	333,864,290	-	333,864,290
Total	6,713,116,359	(1,873,829,407)	4,839,286,952	6,551,883,051	(1,544,864,277)	5,007,018,774

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Movement in Retention	Disposals	Depreciation	Impairment loss	Transfer to Infrastructure	To
Land	536,072,300	-	-	-	-	-	-	536,072,300
Furniture and fixtures	729,629	1,306,431	-	-	(128,579)	-	-	1,907,481
Motor vehicles	34,273,913	11,815,928	-	-	(6,859,334)	-	-	39,230,507
Office equipment	7,218,164	328,125	-	-	(3,792,733)	-	-	3,753,556
IT equipment	3,198,456	927,662	-	-	(456,807)	-	-	3,669,311
Infrastructure	4,026,866,556	147,532,576	-	(290,408)	(311,225,659)	(10,772,341)	-	3,852,110,724
Other equipment	5,693,256	2,315,883	-	-	(2,340,336)	-	-	5,668,803
Bins and containers	472	-	-	-	(50)	-	-	422
Capital work in progress	333,864,290	181,601,023	(567,091)	-	-	(23,437,751)	(150,055,541)	341,404,930
Specialised Vehicles	59,101,738	528,809	-	-	(4,161,629)	-	-	55,468,918
Total	5,007,018,774	346,356,437	(567,091)	(290,408)	(328,965,127)	(34,210,092)	(150,055,541)	4,839,286,952

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Movement in Retention	Disposals	Other changes, movements	Depreciation	Transfer to Infrastructur
Land	536,072,300	-	-	-	-	-	-
Furniture and fixtures	1,438,734	369,470	-	-	-	(1,078,575)	-
Motor vehicles	19,769,265	19,204,167	-	-	-	(4,699,519)	-
Office equipment	10,243,651	726,556	-	-	-	(3,752,043)	-
IT equipment	2,499,720	1,076,850	-	-	-	(378,114)	-
Infrastructure	4,196,191,789	138,520,025	-	(146,407)	-	(307,698,851)	-
Other property, plant and equipment	6,103,689	1,731,913	-	-	-	(2,142,346)	-
Bins and containers	11,810	-	-	-	-	(11,338)	-
Capital work in progress	238,638,385	227,613,126	2,661,280	-	(528,780)	-	(134,519,72
Specialised Vehicles	8,822,011	52,504,480	-	-	-	(2,224,753)	-
	5,019,791,354	441,746,587	2,661,280	(146,407)	(528,780)	(321,985,539)	(134,519,72

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Assets subject to finance lease (Net carrying amount)

Office equipment	3,062,290	6,734,097
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9. Consumer debtors

Consumer debtors with arrangements that is not payable within the next financial year.

Gross balances

Rates	3,843,292	3,400,071
Electricity	5,206,012	3,032,449
Water	6,033,065	4,878,492
Sewerage	2,388,650	1,966,636
Refuse	1,455,996	1,204,337
Other (specify)	4,130,029	5,397,232
	23,057,044	19,879,217

Less: Provision for debt impairment

Rates	(3,581,145)	(3,332,387)
Electricity	(4,720,469)	(2,873,358)
Water	(5,518,277)	(4,792,441)
Sewerage	(2,250,436)	(1,940,294)
Refuse	(1,372,767)	(1,188,719)
Other (specify)	(3,906,032)	(5,294,456)
	(21,349,126)	(19,421,655)

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9. Consumer debtors (continued)

Net balance

Rates	262,147	67,684
Electricity	485,544	159,092
Water	514,788	86,051
Sewerage	138,214	26,343
Refuse	83,229	15,617
Other (specify)	223,997	102,776
	1,707,919	457,563

Rates

Current (0 -30 days)	-	-
31 - 60 days	5,590	11,974
61 - 90 days	4,532	17,909
91 - 120 days	252,024	37,801
	262,146	67,684

Electricity

Current (0 -30 days)	-	-
31 - 60 days	21,827	28,970
61 - 90 days	17,247	44,654
91 - 120 days	446,470	85,468
	485,544	159,092

Water

Current (0 -30 days)	-	-
31 - 60 days	9,490	13,204
61 - 90 days	7,358	24,285
91 - 120 days	497,940	48,562
	514,788	86,051

Sewerage

Current (0 -30 days)	-	-
31 - 60 days	3,344	4,545
61 - 90 days	2,753	7,472
91 - 120 days	132,117	14,326
	138,214	26,343

Refuse

Current (0 -30 days)	-	-
31 - 60 days	2,228	2,955
61 - 90 days	1,750	4,692
91 - 120 days	79,251	7,970
	83,229	15,617

Other

Current (0 -30 days)	1,491	288
31 - 60 days	5,693	4,698
61 - 90 days	1,648	26,065
91 - 120 days	215,165	71,725
	223,997	102,776

Summary of debtors by customer classification

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9. Consumer debtors (continued)		
Consumers		
Current (0 -30 days)	2,667	11,531
31 - 60 days	175,041	113,163
61 - 90 days	208,833	219,421
91 - 120 days	21,803,143	18,775,669
	22,189,684	19,119,784
Less: Provision for debt impairment	(20,688,758)	(18,704,792)
	1,500,926	414,992
Industrial/ commercial		
Current (0 -30 days)	287	-
31 - 60 days	2,342	9
61 - 90 days	2,122	32
91 - 120 days	707,086	747,985
	711,837	748,026
Less: Provision for debt impairment	(661,160)	(705,457)
	50,677	42,569
National and provincial government		
Current (0 -30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 120 days	155,525	11,407
	155,525	11,407
Less: Provision for debt impairment	-	(11,407)
	155,525	-
Total		
Current (0 -30 days)	2,954	11,531
31 - 60 days	177,382	113,171
61 - 90 days	210,954	219,453
91 - 120 days	22,665,754	19,535,062
	23,057,044	19,879,217
Less: Provision for debt impairment	(21,349,918)	(19,421,656)
	1,707,126	457,561
Less: Provision for debt impairment		
Current (0 -30 days)	(1,463)	(11,243)
31 - 60 days	(129,209)	(46,825)
61 - 90 days	(175,666)	(94,377)
91 - 120 days	(21,043,580)	(19,269,212)
	(21,349,918)	(19,421,657)
Reconciliation of debt impairment provision		
Balance at beginning of the year	(19,421,657)	(6,413,795)
Contributions to provision	(1,928,261)	(13,007,862)
	(21,349,918)	(19,421,657)

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10. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2012

	Loans and receivables	Held to maturity investments	Available-for- sale	Total
Other financial assets	-	38,789,418	287,317	39,076,735
Trade and other receivables	4,521,960	-	-	4,521,960
Cash and cash equivalents	-	-	44,664,502	44,664,502
Consumer debtors (Current)	126,790,737	-	-	126,790,737
Consumer debtors (Non-current)	1,707,919	-	-	1,707,919
	133,020,616	38,789,418	44,951,819	216,761,853

2011

	Loans and receivables	Held to maturity investments	Available-for- sale	Total
Other financial assets	-	40,559,270	291,453	40,850,723
Trade and other receivables	12,266,486	-	-	12,266,486
Cash and cash equivalents	-	-	35,279,285	35,279,285
Consumer debtors (Current)	103,804,447	-	-	103,804,447
Consumer debtors (Non-current)	457,563	-	-	457,563
	116,528,496	40,559,270	35,570,738	192,658,504

11. VAT receivable

VAT	-	913,198
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VAT is payable to SARS on the receipts basis. Only when payment is received from debtors is output VAT paid to the South African Revenue Services.

Only when payment is made to creditors, input VAT is claimed from the South African Revenue Services.

12. Other financial liabilities

Held at amortised cost

DBSA Consolidated Loan	17,379,807	18,240,715
Refer to Appendix A for detail		
INCA Loans	-	79,805
Refer to Appendix A for detail		
DBSA 08110/102	1,895,798	3,290,993
Refer to Appendix A for detail		
	19,275,605	21,611,513

Non-current liabilities

At amortised cost	-	1,770,266
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Current liabilities

At amortised cost	19,275,605	19,841,247
	19,275,605	21,611,513

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12. Other financial liabilities (continued)		
The Municipality defaulted on the redemption terms of the following loans:		
DBSA Consolidated Loan	17,379,807	18,240,715
INCA Loan	-	79,805
	17,379,807	18,320,520
The Municipality renegotiated the terms of the following loans:		
DBSA Consolidated Loan	17,379,807	18,240,715
13. Finance lease obligation		
Minimum lease payments due		
- within one year	6,685,118	6,767,772
- in second to fifth year inclusive	1,267,877	7,998,919
	7,952,995	14,766,691
less: future finance charges	(879,727)	(2,920,791)
Present value of minimum lease payments	7,073,268	11,845,900
Present value of minimum lease payments due		
- within one year	5,878,219	4,800,585
- in second to fifth year inclusive	1,195,049	7,045,315
	7,073,268	11,845,900
Non-current liabilities	1,195,048	7,045,315
Current liabilities	5,878,219	4,800,585
	7,073,267	11,845,900

It is municipality policy to lease certain equipment under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 13% (2011: 17%).

Interest rates are linked to prime at the contract date. Most of the leases escalate at 10% p.a and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 8.

14. Trade and other payables

Trade payables	775,464,765	547,894,230
Payments received in advance	29,328,525	23,671,770
Accrued leave pay	49,518,014	42,704,948
Accrued bonus	7,114,675	7,090,385
Straightlining of operating leases	(53,345)	(81,459)
Deposits received	32,303	45,055
Other payables	16,550,812	11,393,594
	877,955,749	632,718,523

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Figures in Rand	2012	2011
15. VAT payable		
Tax refunds payables	32,345,883	-
VAT is payable to SARS on the receipts/payments basis. Only when payment is received from debtors is output VAT paid to the South African Revenue Services.		
Only when payment is made to creditors, input VAT is claimed from the South African Revenue Services.		
16. Consumer deposits		
Water and electricity	27,936,787	26,995,233
Guarantees		
Guarantees held in lieu of Electricity and Water Deposits	4,245,706	4,820,182
17. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant	5,611,296	38,064,622
Parks Lotto	71,587	71,587
Municipal Systems Improvement Grant	-	1,423,960
LED Grant	88,400	88,400
Municipal Infrastructure Grant - PMU	3,289,567	3,289,567
Operation Hlasela - Bopa Lesedi Development	1,417,417	1,417,417
South African Youth Council	163,134	163,134
Neighbourhood Development - National Treasury	958,960	458,960
Integrated National Electrification Programme	869,419	500,000
SETA Grants	1,076,767	-
	13,546,547	45,477,647
Movement during the year		
Balance at the beginning of the year	45,477,647	78,266,173
Receipts during the year	171,639,160	164,237,338
Income recognition during the year	(161,521,383)	(197,025,864)
Grant withheld by National Treasury through Equitable share	(43,026,325)	-
Grant derecognised	977,448	-
	13,546,547	45,477,647

See note 24 for reconciliation of grants from National/Provincial Government.

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18. Provisions

Reconciliation of provisions - 2012

	Opening Balance	Change in discount factor	Total
Environmental rehabilitation	58,483,608	27,580,110	86,063,718

Reconciliation of provisions - 2011

	Opening Balance	Change in discount factor	Total
Environmental rehabilitation	47,861,711	10,621,897	58,483,608

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18. Provisions (continued)

The provision is based on the rehabilitation of 2 landfill sites (Odendaalsrus and Welkom) and two dumpsites (Allanridge and Hennenman (Phomolong)).

These sites represents a total of 180 hectare of land as measured by the Manager of Spatial Planning.

Rehabilitation is assumed to occur within the following amount of years:

Welkom - 20 years
Odendaalsrus - 12 years
Allanridge - 15 years
Hennenman (Phomolong) - 15 years

The main component of the rehabilitation costs consists of the rehabilitation of the soil.

The rehabilitation cost of the soil is calculated as R429/m³ (The layout of the soil should be = ±0.25m² square meter) and are based on the average of two Independent quotations obtained.

These costs may vary depending on area where red soil is purchased and the type of red soil (i.e. loose soil)

Also included in rehabilitation cost are the following actions and cost relating to these actions are based on the best estimate by management based on quotations:

Welkom:

Soil cover excavation and costing
Sloping of waste body to gradient
Capping layer
Vegetation
Storm water channels
Water monitoring

Odendaalsrus:

Levelling of waste body and filling up of quarry hole
Creation of storm water channel
Site fencing

Allanridge:

Levelling and compaction of the waste body
Fencing
Storm water management

Hennenman (Phomolong):

Levelling and compaction of the waste body
Fencing
Storm water management

In order to be able to execute some of the actions listed above, the Municipality would have to purchase certain equipment and other products.

The cost relating to the purchase of the equipment are based on the best estimate by management based on quotations:

Welkom:

Excavator + Tipper Trucks
HDP liner 6 mm

Odendaalsrus:

Dozer / Excavator
Concrete Palisade

Allanridge:

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18. Provisions (continued)

Dozer / Excavator
Excavator

Hennenman (Phomolong):

Dozer / Excavator
Excavator

The present value of the provision for rehabilitation depends on a number of factors that are determined on an annual basis using a number of assumptions. The assumptions used in determining the net present value include the discount rate. Any changes in these assumptions will impact the carrying amount of the provision for rehabilitation.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle future rehabilitation costs. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the expenses will be paid, and that have terms to maturity approximating the terms of the related rehabilitation liability.

The following assumptions were used in the present value calculation of the rehabilitation provision:

Inflation factor:

2010 Financial Year - Average of 5.5%
2011 Financial Year - Average of 3.86%
2012 until 2030 Financial Years - 5.90%

Discount factor:

2010 Financial Year:

Bond R154 maturing in 2011 (A bond maturing in 2011): 6.78%
Prime lending rate: 10%
Risk factor: 3.23%

Bond R157 maturing (latest year): 10.80%
Risk adjusted risk-free rate after applying risk factor above: 14.02%

2011 Financial Year:

Bond R155 maturing in 2012 (A bond maturing in 2012): 5.55%
Prime lending rate: 9%
Risk factor: 3.45%

Bond R157 maturing (latest year): 10.10%
Risk adjusted risk-free rate after applying risk factor above: 13.55%

2012 Financial Year:

Bond R179 maturing in 2013 (A bond maturing in 2013): 4.80%
Prime lending rate: 8.50%
Risk factor: 3.70%

Bond R157 maturing (latest year): 8.01%
Risk adjusted risk-free rate after applying risk factor above: 11.71%

19. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

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2012

2011

19. Financial liabilities by category (continued)

2012

	Financial liabilities at amortised cost	Fair value	Total
Other financial liabilities: Current	19,289,212	-	19,289,212
Other financial liabilities: Non-current	-	-	-
Finance leases: Current	5,878,219	-	5,878,219
Finance leases: Non-current	1,195,048	-	1,195,048
Trade and other payables	-	882,167,683	882,167,683
Consumer deposits	-	27,936,787	27,936,787
	26,362,479	910,104,470	936,466,949

2011

	Financial liabilities at amortised cost	Fair value	Total
Other financial liabilities: Current	19,841,247	-	19,841,247
Other financial liabilities: Non-current	1,770,266	-	1,770,266
Finance leases: Current	4,800,585	-	4,800,585
Finance leases: Non-current	7,045,315	-	7,045,315
Trade and other payables	-	632,718,522	632,718,522
Consumer deposits	-	26,995,233	26,995,233
	33,457,413	659,713,755	693,171,168

20. Employee benefit obligations

Defined benefit plan

The defined benefit plan consists of a post retirement medical aid plan.

Post retirement medical aid plan

Various councillors and employees belong to various post- retirement healthcare benefits schemes.

The liability of the schemes was valued as at 30 June 2010, 30 June 2011 and 30 June 2012.

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

LA Healt Medical Scheme
Bonitas Medical Scheme
Hosmed Medical Scheme
Samwumed Medical Scheme
KeyHealth Medical Scheme

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service members (Employees) 1400 (2011:1 397)
Continuation Members (Retirees, widowers and orphans): 180 (2011:181)

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20. Employee benefit obligations (continued)		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(224,650,000)	(189,827,000)
Disclosure in terms of par. 120A(p) of IAS 19:		
Defined benefit obligation	(224,650,000)	
Experience adjustments on plan liabilities	(18,434,000)	
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	(189,827,000)	(152,818,000)
Net expense recognised in the statement of financial performance	(34,823,000)	(37,009,000)
Closing balance	(224,650,000)	(189,827,000)
Net expense recognised in the statement of financial performance		
Service cost	(8,432,000)	(6,439,000)
Interest cost	(17,385,000)	(14,824,000)
Actuarial (gains) losses	(14,808,000)	(21,133,000)
Expected Benefits paid	5,802,000	5,387,000
Total included in employee related costs	(34,823,000)	(37,009,000)
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	(14,808,000)	(21,133,000)

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Figures in Rand	2012	2011
20. Employee benefit obligations (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	9.00 %	9.10 %
Healthcare cost inflation	7.50 %	7.70 %
Net discount rate	1.40 %	1.30 %
Maximum contribution increase	6.50 %	6.70 %
Continuation percentage (employees)	90.00 %	90.00 %
Continuation percentage (widows)	90.00 %	90.00 %

The basis used to determine the discount rate is as follow:

IAS 19 requires that the discount rate used in the valuation is determined by reference to market yields on high quality corporate bonds as at the balance sheet date. In countries where there is no deep market in corporate bonds, government bonds should be used. It is currently market practice to use government bond yields, as the South African corporate bond market is not considered to be sufficiently developed. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

The estimated discount rate was set equal to the yield on a zero-coupon government bond with a term of approximately 17 years.

The basis used to determine the Healthcare cost inflation is as follow:

In the past, healthcare cost inflation has typically exceeded the Consumer Price Index ("CPI") by a margin of 1% to 2%. Our best estimate assumption of a CPI inflation rate, consistent with the gross discount rate, is determined with reference to the difference between the yields on government conventional and index-linked bonds as at valuation date, adjusted by a liquidity risk premium of 0.35%. A 2% margin is added to these estimates to arrive at the best-estimate assumption for Healthcare cost inflation.

The basis used to determine the Pre-retirement mortality:

The pre-retirement mortality table most commonly used in the retirement industry (for similar sub-populations in South Africa) is SA 85-90 (Light).

The basis used to determine the Post-retirement mortality:

The base mortality table used in our valuation is the PA (90) mortality table rated down one year for males and females. There is a strong argument for including an allowance for future mortality improvements in the assumption (1% to 1.5% p.a. at all ages would be reasonable), given the improvements that have occurred at the post-retirement ages in most developed countries over the past forty years, as well as the evidence of improvements observed by larger actuarial service providers in South Africa.

The basis used to determine the Assumed retirement age:

This valuation was based on an assumed retirement age of 63 in order to accommodate the probability of employees retiring before the normal retirement age of 65. All in-service employees older than 63 have been valued as pensioners, i.e. assuming that they are retired.

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20. Employee benefit obligations (continued)

Other assumptions and disclosures

Expected retirement age (Males & Females) - 63 years (2011: 63 years)

Spouse and principal member age difference- Male 3 years older than female(2011: Male 3 years older than female)

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Defined benefit obligation	(268,082,000)	(190,394,000)
Service Cost	(13,263,000)	(8,347,000)
Interest Cost	(24,441,000)	(17,233,000)

Expected contributions to post-employment benefit plans for the year ending 30 June 2013 would be approximately R6,759,000 (2011: R5,802,000).

Amounts for the current and previous two years are as follows:

	2012	2011	2010
Defined benefit obligation	224,650,000	189,827,000	152,818,000

Defined contribution plan

All councillors and employees belong to defined retirement plans administered by various Pension, Provident and Annuity Funds. As these are multi-employer funds, sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan(s). These amounts are accounted for as defined contribution plans.

The municipality is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is	34,823,000	37,009,000
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21. Revenue

Property rates	152,938,125	200,361,727
Service charges	737,670,225	657,988,460
Rental of facilities & equipment	10,492,364	10,084,903
Interest received – trading	78,051,520	56,716,174
Commission received	8,272,557	7,487,940
Fines	3,623,477	2,286,768
Licences and permits	7,575	7,676
Government grants & subsidies	570,189,011	557,221,981
	1,561,244,854	1,492,155,629

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	737,670,225	657,988,460
Rental of facilities & equipment	10,492,364	10,084,903
Interest received – trading	78,051,520	56,716,174
Commission received	8,272,557	7,487,940
Licences and permits	7,575	7,676
	834,494,241	732,285,153

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Figures in Rand

	2012	2011
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21. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	152,938,125	200,361,727
Fines	3,623,477	2,286,768
Transfer revenue		
Government grants and subsidies	570,189,011	557,221,981
	726,750,613	759,870,476

22. Property rates

Rates received

Residential	49,912,112	111,813,081
Commercial	71,953,447	71,876,976
State	31,057,503	16,012,092
Small holdings and farms	15,063	659,578
	152,938,125	200,361,727

Valuations

Residential	10,797,097,850	422,297,737
Commercial	3,083,758,900	173,002,763
State	1,414,145,600	42,896,069
Small holdings and farms	538,000	4,009,000
Exempted	3,524,206,768	195,555,207
	18,819,747,118	837,760,776

The new valuation roll was completed during the prior financial year and the new Property Rates Policy was implemented on 1 July 2011.

23. Service charges

Sale of electricity	390,708,510	335,534,187
Sale of water	181,972,513	179,833,237
Sewerage and sanitation charges	101,055,024	88,274,232
Refuse removal	63,934,178	54,346,804
	737,670,225	657,988,460

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Figures in Rand	2012	2011
24. Government grants and subsidies		
Department of Minerals and Energy Affairs	(460,507)	460,507
Department of Water and Environmental Affairs	9,741,449	9,045,510
Equitable Share	390,659,325	358,899,663
Financial Management Grant	1,450,000	1,000,000
Integrated National Electrification programme	1,264,581	-
LED Grant	-	467,540
Lejweleputswa District Municipality	9,244,302	3,874,484
Municipal Infrastructure Grant	154,083,089	166,801,170
Municipal Systems Improvement Grant	522,704	1,017,296
Neighbourhood Development - National Treasury	-	41,040
Operating grant - MIG - PMU	2,649,675	2,354,769
Operation Hlasela - Bopa Lesedi Development	-	542,238
Operation Hlasela - Roads	-	10,308,467
Operation Hlasela - Roads (Clean-up of Kutlwanong Township)	-	48,510
Provincial Clinics Repair & Maintenance	-	361,843
SETA Grants	1,034,393	1,848,944
South African Youth Council	-	150,000
	570,189,011	557,221,981

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. The grant is disbursed by National Treasury. R43 026 325 of the grant has been withheld during the year as a result of previous years unspent capital grants.

Municipal Infrastructure Grant

Balance unspent at beginning of year	38,064,622	70,116,561
Grant withheld by National Treasury through Equitable share	(40,616,562)	137,104,000
Current-year receipts	164,896,000	-
Conditions met - transferred to revenue	(154,083,089)	(166,801,170)
Conditions met (operating expenditure) - transferred to revenue	(2,649,675)	(2,354,769)
	5,611,296	38,064,622

Conditions still to be met - remain liabilities (see note 17).

The grant has not been withheld in the current financial year, however, unspent balance of previous years to the amount of R40,616,562 has been recovered by National Treasury through the withholding of a portion of the Equitable Share.

Financial Management Grant

Current-year receipts	1,450,000	1,000,000
Conditions met - transferred to revenue	(1,450,000)	(1,000,000)
	-	-

Conditions still to be met - remain liabilities (see note 17).

The Financial Management Grant is to assist the Municipality to implement the financial reforms that are contained in the Municipal Finance Management Act. The grant has not been withheld.

Lotto - Parks

Balance unspent at beginning of year	71,587	71,587
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Conditions still to be met - remain liabilities (see note 17).

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Figures in Rand	2012	2011
24. Government grants and subsidies (continued)		
The Municipality was allocated an amount from Lotto to construct recreational facilities within the municipal areas. The grant has not been withheld.		
Provincial Maintenance of Clinics		
Balance unspent at beginning of year	-	361,843
Conditions met - transferred to revenue	-	(361,843)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
Money granted by Province for maintenance of clinics.		
Municipal Systems Improvement Grant		
Balance unspent at beginning of year	1,423,960	1,691,256
Current-year receipts	790,000	750,000
Withheld	(1,691,256)	-
Grant derecognised	516,942	-
Conditions met - transferred to revenue	(1,039,646)	(1,017,296)
	-	1,423,960
Conditions still to be met - remain liabilities (see note 17).		
The Municipality Systems Improvement Grant is to support the municipality and governance systems, planning and implementation, reviewing integrated development plans and implementing the Municipal Systems Act.		
The grant has not been withheld in the current financial year, however, unspent balance of previous years to the amount of R1,691,256 has been recovered by National Treasury through the withholding of a portion of the Equitable Share.		
LED Grant		
Balance unspent at beginning of year	88,400	555,940
Conditions met - transferred to revenue	-	(467,540)
	88,400	88,400
Conditions still to be met - remain liabilities (see note 17).		
This grant from the Provincial Government has been used to encourage local economic development through property development. This grant has been used in town establishment. The grant has not been withheld.		
Department of Mineral and Energy Affairs		
Balance unspent at beginning of year	-	460,507
Withheld	(460,507)	-
Grant derecognised	460,507	(460,507)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
The Municipality was granted a total of R550,000 for electrification of Thabong (ext. 15) and Bronville (ext. 9) - Phase 3 since the project started.		
Municipal Infrastructure Grant - PMU		
Balance unspent at beginning of year	3,289,567	3,289,567

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24. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 17).

The Municipal Infrastructure Grant - PMU is to finance the project management costs associated with the Municipal Infrastructure Grant described above. The grant is used to defray certain administrative costs. The grant has not been withheld.

Operation Hlasela - Roads

Current-year receipts	-	15,800,534
Conditions met - transferred to revenue	-	(10,308,467)
Conditions met - transferred to revenue (Clean-up of Kutlwanong Township)	-	(48,510)
Transfer of balance (from)/to Sundry Debtors	-	(5,443,557)
	-	-

Money was granted by Province (Premier Office) for upgrading of roads in Matjhabeng. The grant has not been withheld.

Department of Water and Environmental Affairs

Balance unspent at beginning of year	-	131,495
Transfer of balance (from)/to Sundry Debtors	(1,148,078)	-
Current-year receipts	10,413,724	7,897,432
Conditions met - transferred to revenue	(9,741,450)	(9,045,510)
Paid back	-	(131,495)
Transfer of balance (from)/to Sundry Debtors	475,804	1,148,078
	-	-

Conditions still to be met - remain liabilities (see note 17).

This money was granted by the Department in order to assist Matjhabeng Local Municipality with Klippan Sewerage. The grant has not been withheld.

Operation Hlasela - Bopa Lesedi Development

Balance unspent at beginning of year	1,417,417	1,587,417
Current-year receipts	-	372,238
Conditions met - transferred to revenue	-	(542,238)
	1,417,417	1,417,417

Conditions still to be met - remain liabilities (see note 17).

The Office of the Premier has appointed Bopa Lesedi Development (Pty) Ltd as the Project Manager for the Matjhabeng ("the Operation Hlasela Project"), which provides for the immediate implementation of a number of viable projects in the Matjhabeng Local Municipality.

200 workers were appointed (a directive from Premier Office) in order to help with necessary work in Phomolong. The payment for these workers are from the budget of Provincial Government.

South African Youth Council

Balance unspent at beginning of year	163,134	-
Current-year receipts	-	313,134
Conditions met - transferred to revenue	-	(150,000)
	163,134	163,134

Conditions still to be met - remain liabilities (see note 17).

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24. Government grants and subsidies (continued)		
Money was granted to the Municipality to engage 1500 young people in community development activities that position young people as agents for service delivery in their respective communities. The grant has not been withheld.		
Neighbourhood Development - National Treasury		
Neighbourhood Development - National Treasury	458,960	-
Current-year receipts	500,000	500,000
Conditions met - transferred to revenue	-	(41,040)
	958,960	458,960

Conditions still to be met - remain liabilities (see note 17).

Transferring Department: National Treasury. The purpose of the grant is to support neighbourhood development projects that provide community infrastructure and create the platform for other public and private sector development, towards improving the quality of life of residents in targeted underserved neighbourhoods (townships generally). The grant has not been withheld.

Integrated National Electrification Programme

Balance unspent at beginning of year	500,000	-
Current-year receipts	1,892,000	500,000
Grant withheld by National Treasury through Equitable share	(258,000)	-
Conditions met - transferred to revenue	(1,264,581)	-
	869,419	500,000

Conditions still to be met - remain liabilities (see note 17).

This was money granted by the Department of Energy to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to approve quality of supply.

The grant has not been withheld in the current financial year, however, unspent balance of previous years to the amount of R258,000 has been recovered by National Treasury through the withholding of a portion of the Equitable Share.

Seta Grants

Balance unspent at beginning of year	-	1,848,944
Current-year receipts	2,111,160	-
Conditions met - transferred to revenue	(1,034,393)	(1,848,944)
	1,076,767	-

Conditions still to be met - remain liabilities (see note 17).

This was money granted by the Sector Education and training authorities to improve the auditing skills for municipalities. The grant has not been withheld.

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Figures in Rand	2012	2011
25. Other income		
Other income	20,860,402	23,383,982
Other income		
Disconnection fees	4,295,550	3,639,202
Dumping fees	647,095	488,771
Hostel fees	3,511,548	2,673,320
Services rendered	1,994,229	2,082,930
Sundry income	10,411,980	14,499,759
	20,860,402	23,383,982
26. Investment revenue		
Dividend revenue		
Local Dividends	20,790	8,671
Interest revenue		
Financial Assets	7,419,622	8,846,572
	7,440,412	8,855,243
Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R7,440,412 (2011: R8,855,243).		
27. Employee related costs		
Basic	250,033,508	220,925,501
Bonus	17,120,804	16,193,576
Medical aid - company contributions	32,706,833	29,717,233
UIF	2,480,384	2,320,450
Leave pay provision charge	11,743,392	11,270,096
Post-employment benefits - Pension - Defined contribution plan	36,603,192	34,438,754
Overtime payments	37,367,346	41,254,810
Long-service awards	1,034,589	1,522,714
Transport allowance (bus coupons)	16,252,954	14,034,685
Housing benefits and allowances	2,330,125	2,074,550
Other allowances	11,923,020	9,140,177
Insurance group	4,814,571	4,500,794
Post-employment benefits - Medical Aid - Defined benefit plan	34,823,000	37,009,000
	459,233,718	424,402,340
Remuneration of Municipal Manager		
Annual Remuneration	1,281,500	675,285
Car Allowance	-	135,000
Leave Pay	-	261,996
Contributions to UIF, Medical and Pension Funds	1,389	29,689
	1,282,889	1,101,970

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Figures in Rand	2012	2011
27. Employee related costs (continued)		
Remuneration of Chief Finance Officer		
Annual Remuneration	-	56,000
Car Allowance	-	26,666
Contributions to UIF, Medical and Pension Funds	-	254
	-	82,920
The position of Chief Finance Officer is vacant from June 2010 and was not filled during the year.		
Remuneration of Director: Strategic Support Services		
Annual Remuneration	873,253	718,498
Travel Allowance	8,172	8,410
Contributions to UIF, Medical and Pension Funds	1,518	1,547
	882,943	728,455
The position of Chief Operating Officer was vacant from 1 April 2009 to 1 December 2009. The Director: Strategic Support Services was appointed on 1 December 2009 who replaced the position of the Chief Operating Officer.		
Remuneration of Director: Community Services		
Annual Remuneration	-	242,074
Car Allowance	-	14,000
Contributions to UIF, Medical and Pension Funds	-	14,610
	-	270,684
The position of director of community services were filled as from 2 February 2012.		
Remuneration of Director: Corporate Services		
Annual Remuneration	74,159	519,107
Car Allowance	16,521	63,000
Contributions to UIF, Medical and Pension Funds	19,136	119,439
	109,816	701,546
Remuneration of Directors: Infrastructure		
Annual Remuneration	868,471	1,070,171
Car Allowance	2,104	-
Contributions to UIF, Medical and Pension Funds	1,518	1,546
	872,093	1,071,717
Total employee related costs	462,381,459	428,359,632

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Figures in Rand	2012	2011
28. Remuneration of councillors		
Executive Mayor	681,838	644,652
Mayoral Committee Members	4,854,890	4,654,302
Council Members	12,037,560	11,375,340
Speaker	539,690	518,384
Councillors' pension contribution	1,863,587	1,782,269
Other	(507,298)	(332,231)
Medical aid contribution	528,421	500,941
	19,998,688	19,143,657
In-kind benefits		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor has use of a Council owned vehicle for official duties.		
The Executive Mayor has two full-time bodyguards. The Speaker has a full-time messenger.		
29. Depreciation and amortisation		
Property, plant and equipment	328,965,138	319,446,886
Investment property	30,866,380	30,893,822
	359,831,518	350,340,708
30. Impairment of assets		
Impairments		
Property, plant and equipment	34,210,093	-
The following two capital projects have been completed, but it is valueless:		
- Calabria Roads Phase 2 (R6,046,363)		
- Kutlwanong old structures (R17,391,384)		
This impairment has been included in the fruitless and wasteful expenditure (note 45).		
The following infrastructure asset is partially impaired as at year-end:		
Thabong Hani Park Sewer Network (R10,772,346)		
Inventories	30,241	30,241
Depreciation on Residential Buildings included in inventory		
Trade and other receivables	335,465,176	372,188,325
Provision for doubtful debt on consumer accounts.		
	369,705,510	372,218,566
31. Finance costs		
Non-current borrowings	2,794,331	3,199,797
Trade and other payables	52,608,617	28,526,167
Finance leases	1,967,254	2,768,268
Bank	89,164	502,634
Discounting - Provision for rehabilitation	27,580,110	10,621,897
	85,039,476	45,618,763

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R85 039 476 (2011: R45 618 763).

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Figures in Rand	2012	2011
32. Bulk purchases		
Electricity	289,383,608	231,023,578
Water	231,397,848	205,014,401
	520,781,456	436,037,979
33. Contracted services		
Meter Reading Services	8,044,502	2,726,742
34. General expenses		
Advertising	1,175,199	1,574,113
Assets expensed	108,550	111,950
Auditors remuneration	4,991,141	4,485,714
Bank charges	2,256,302	1,856,340
Chemicals	271,190	73,581
Cleaning	677,785	299,255
Community development and training	15,750	240,105
Conferences and seminars	157,690	77,279
Consulting and professional fees	71,498,755	41,702,753
Donations	29,572	238,942
Entertainment	476,151	586,086
Indigent Subsidy	21,007,853	1,722,270
Insurance	14,056,644	8,893,194
Magazines, books and periodicals	2,868	(15,937)
Marketing	512,200	65,476
Medical expenses	135,855	885
Municipal services	43,026	2,824,195
Operating cost of equipment	11,815,298	19,418,249
Operating cost of vehicles	26,551,780	23,075,784
Other expenses	1,455,237	2,403,069
Pest control	10,027	662,199
Printing and stationery	3,528,801	2,931,077
Royalties and license fees	4,119,279	2,963,000
Security (Guarding of municipal property)	15,793,343	16,948,715
Skills Development Levy	3,556,463	3,150,096
Subscriptions and membership fees	4,664,087	3,178,571
Telephone and fax	13,956,862	9,331,893
Training	590,041	1,559,997
Travel - local	3,215,756	1,853,071
Uniforms	2,459,056	2,559,661
	209,132,561	154,771,583

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Figures in Rand	2012	2011
35. Cash generated from operations		
Deficit	(478,298,799)	(302,987,167)
Adjustments for:		
Depreciation and amortisation	359,831,518	350,340,708
Gain on sale of assets and liabilities	290,408	146,408
Fair value adjustments	(3,570,335)	(12,713,644)
Finance costs - Finance leases	1,967,254	2,768,268
Impairment deficit	369,705,510	372,218,566
Movements in retirement benefit assets and liabilities	34,823,000	37,009,000
Movements in provisions	27,580,110	39,569,960
Depreciation on Inventory (Residential Buildings)	30,239	30,239
Work in Progress write off	-	528,780
Changes in working capital:		
Inventories	2,273,176	(724,584)
Trade and other receivables	(328,920,650)	(372,907,617)
Consumer debtors	(22,986,292)	37,222,263
Consumer debtors - non current	(1,250,356)	(457,563)
Trade and other payables	245,237,226	227,017,838
VAT	33,259,081	(20,591,103)
Unspent conditional grants and receipts	(31,931,100)	(32,788,526)
Consumer deposits	941,554	1,289,215
	208,981,544	324,971,041
36. Auditors' remuneration		
Fees	4,991,141	4,485,714
37. Rental of facilities and equipment		
Rentals - Living Quarters	7,121,790	6,926,235
Rentals - Sundry Properties	1,807,080	1,727,283
Rentals - Land	696,610	1,038,059
Rentals - Halls & Offices	323,560	(115,727)
Rentals - Other	543,324	509,053
	10,492,364	10,084,903
38. Operating deficit		
Operating deficit for the year is stated after accounting for the following:		

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	2012	2011
38. Operating deficit (continued)		
Repairs and Maintenance		
Main Electricity: High Tension	6,645,586	3,021,929
Main: Water	4,704,695	2,521,367
Main Electricity: Low Tension	2,808,918	1,546,514
Building and Installation	2,619,224	1,249,904
Main Sewerage: Breakage	2,312,511	1,327,725
Equipment	2,228,055	1,587,824
Streetlights	1,891,891	8,499,551
Meters and Connections	1,725,277	727,867
Streets: Resealing	1,696,671	99,256
Street name and traffic signs	1,340,861	1,019,074
Pump Station: Electrical	1,312,139	705,863
Streets: Patching	1,215,950	4,332,208
Pump Station: Mechanical	1,067,456	163,706
Land & Fences	1,002,226	676,032
Pump Station: Civil	887,288	-
Main Sewerage: Blocked	732,572	1,069,332
Other	2,017,904	2,183,475
	36,209,224	30,731,627
Loss on sale of property, plant and equipment	(290,408)	(146,408)
Old consumer debtors with credit balances written off - included with Sundry Income	-	(6,975,975)
Impairment on property, plant and equipment - work in progress written off	34,210,093	-
Impairment on Consumer Debtors	335,465,176	372,188,325
Depreciation on property, plant and equipment	328,965,138	319,446,886
Depreciation on investment property	30,866,380	30,893,822
Employee costs	482,380,147	447,503,289
Litigation settlement	16,350,982	2,660,000

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Figures in Rand	2012	2011
39. Commitments		
Capital and other expenditure		
• Infrastructure	39,622,036	111,454,796
• Infrastructure - not yet contracted for	20,510,942	347,540,548
• Other capital commitments	-	1,242,650
• Vehicles and Fleet Equipment - not yet contracted for	-	32,998,459
• Professional fees	25,314,995	55,481,462
	85,447,973	548,717,915
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	754,952	736,315
- in second to fifth year inclusive	-	754,952
	754,952	1,491,267
Operating lease payments represent rentals payable by the municipality for certain of its office properties, equipment and fire trucks. No sublease payment expected to be received under non-cancellable sublease.		
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	46,585	131,168
- in second to fifth year inclusive	46,585	249,728
	93,170	380,896
Operating lease payments represent rentals payable to the municipality Warriors Club and Grill for premises situated at the Fire Department.		

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Figures in Rand	2012	2011
40. Contingencies		
Contingencies		
Housing Guarantees	182,315	271,062
MTN SP Guarantees facility	20,000	20,000
<p>The following cases against the Municipality have been recorded as a contingent liability as there is uncertainty as to the outcome of the cases. The Municipality is defending the cases. The potential legal costs have not been included in the claims against the Municipality.</p>		
Contingencies		
Odyssey Holdings versus Matjhabeng Local Municipality.	1,383,512	1,383,511
<p>Odyssey Holdings alleged that it was appointed in terms of Tender 22/2002 for the construction of Stormwater drainage in Kutlwanong. Odyssey Holdings alleged that the tender did not reflect the true consensus and common intention between the parties (municipality and the contractor).</p>		
V&V Consulting Engineers versus Matjhabeng Local Municipality.	856,695	856,695
<p>Summons issued against the municipality, wherein the municipality was sued for failure to pay V&V Consulting Engineers for services rendered.</p>		
LGW Contractors versus Matjhabeng Local Municipality.	1,847,958	1,847,958
<p>Summons issued against the municipality for payment for alleged standing time.</p>		
Sala Pension Fund versus Matjhabeng Local Municipality.	-	5,024,820
<p>Sala Pension Fund alleged that the Fund was under-funded. The municipality received combined summons alleging that the municipality is indebted to the fund.</p>		
Tall Tree versus Matjhabeng Local Municipality.	534,318	534,318
<p>During 2002/03 the Municipality arranged for a Lekgotla at Qwa-Qwa. Tall Tree was appointed as a facilitator. It is alleged that the Company failed to submit its quotation as requested and also failed to produce and/or deliver in accordance with its appointment. Tall Tree subsequently issued summons for payment. The municipality does not accept offer of Tall Tree being R400 000 and that each party to pay its own legal costs.</p>		
Mr Mogotsi versus Matjhabeng Local Municipality.	-	250,000
<p>Mr Mogotsi applied for the advertised position of the Executive Manager in which he was not appointed. The unsuccessful applicant referred the matter to CCMA citing unfair discrimination.</p>		
Mr CG Jacobs versus Matjhabeng Local Municipality.	1,881,172	1,881,172
<p>Mr. C.G. Jacobs indicated in 2003 of his intention to resign from the Municipality at the retirement age of 60 (sixty). Mr Jacobs was allegedly advised to reserve his rights in the matter as there was a strong indication that the rules of the Free State Pension Fund would change increasing the retirement age up to 65 (sixty five) years. Although Mr. Jacobs wrote to Council informing it that he reserves his right not to retire pending the outcome of the decision of the Free State Pension Fund, he (Mr. Jacobs) filled out the application forms for his pension funds to be released which subsequently occurred. Council informed him on the 1st of October 2003 to vacate his office. Subsequently he referred his matter to the Bargaining Council. The Municipality lost its arguments at arbitration.</p>		

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Figures in Rand	2012	2011
40. Contingencies (continued)		
Mr M. Segalo versus Matjhabeng Local Municipality	-	353,330
<p>-Mr Segalo had 5 year contract as Manager: Internal Audit. -Contract expired at the end of March 2007. -Segalo's contract was extended for one month to enable finalization for advertisement of the post. -Mr Segalo was not re-appointed and declared a dispute with the SALGB on grounds of alleged unfair dismissal. -Ruling was made in favour of Mr. Segalo. Arbitration award: R353,330.00</p>		
KLM Housing Management versus Matjhabeng Local Municipality.	-	2,357,466
<p>On 18/11/2009 the municipality was issued with notice of motion by KLM Housing management.</p>		
SAMWU obo T JOBO versus Matjhabeng Local Municipality.	-	109,824
<p>Employee Mr T Jobo took the municipality to the South African Bargaining council for a relief for remuneration of motor vehicle scheme.</p>		
Oppenheimer Golf Course versus Matjhabeng Local Municipality.	8,250,000	20,402,360
<p>The municipality was served with Combined Summons for damage suffered as a result of an overflowing of Witpan Sewer Plant which resulted to the alleged damage of the golf course. Full and final settlement.</p>		
Koth Properties versus Matjhabeng Local Municipality.	14,400,000	14,400,000
<p>Appointed to prepare general valuations. The agreement was terminated by the municipality. Koth Properties issued a combined summons against the municipality for breach of contract.</p>		
Fujitsu Services (Pty) Ltd versus Matjhabeng Local Municipality.	7,051,941	7,051,941
<p>The municipality was issued with a Combined Summons from Fujitsu Services (Pty) Ltd. Alleged that the municipality failed to make payments.</p>		
Big Bravo Construction CC versus Matjhabeng Local Municipality.	65,000	65,000
<p>The municipality was issued with a summons claiming payment.</p>		
South African Local Authorities Pension Fund versus Matjhabeng Local Municipality.	-	102,268
<p>The municipality was issued with a combined summons, claiming payment for interest on contributions alleged to have been made after the expiry period prescribed by the rule of the fund.</p>		
Lohan Civil versus Matjhabeng Local Municipality.	-	1,280,331
<p>The municipality was issued with a combined summons, claiming payments as he was alleged appointed as contractor but after completion of work there was a breach in contract resulting in sustained damages.</p>		
MMS Collections versus Matjhabeng Local Municipality.	2,870,649	2,870,649
<p>The municipality was issued a Letter of Demand, claiming payment for an amount alleged to be agreed between the parties involved.</p>		

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40. Contingencies (continued)		
Ramabulana Investment Services versus Matjhabeng Local Municipality.	1,821,367	1,821,367
The municipality was issued with a combined summons, claiming payment for services rendered.		
Majola Attorneys versus Matjhabeng Local Municipality.	-	17,603
The municipality was issued with a summon, claiming payment for alleged professional services and disbursements rendered.		
Mr JP Wentzel versus Matjhabeng Local Municipality.	1,740,349	1,740,349
Mr JP Wenzel alleged that on or around 23 September 2008 a fire broke out within the Municipality's farm and spread to his farm. As a result thereof he suffered damages.		
De Bruin Trust versus Matjhabeng Local Municipality.	-	400,000
During June 2011 the municipality was issued with Combined Summons from Sessrs Honey Attorneys by De Bruin Trust.		
Labour Relations disputes		
Public Liabilities	-	122,918
Mrs Strickett, former CFO is considering suing the municipality for the rest of her five year contracted salary.	-	8,000,000
R Pretorius vs Matjhabeng Local Municipality	164,767	-
On the 24 January 2012 the municipality was served summons by the plaintiff claiming payment on the basis of fraudulent activities committed.		
Tanker Project Solutions CC vs Matjhabeng Local Municipality	3,971,025	-
On the 30th March 2012 municipality was issued with combined summons claimining payment. The plaintiff alleged that he entered into a written agreement wherein he would act as consultant for the municipality in respect of the planning, design, supervision of infrastructure projects, development and implementation of technical assistance projects in terms of tender Notice 29/2009.		
Mr BA Murray v/s Matjhabeng Local Municipality	46,250	-
On the 30th April 2012 municipality was issued with summons claiming payment. The plaintiff in the matter alleged that a collision occurred between a municipal vehicle driven by certain Mr Khomotsoana and the plaintiff's vehicle.		
Plaintiff issued summons against Matjhabeng Local Minicipality for unlawful arrest and damages.	150,000	-
	47,035,003	72,873,880

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Figures in Rand	2012	2011
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40. Contingencies (continued)

Electricity tariffs not approved by National Electricity Regulator

Section 15(2) of the National Energy Regulator Act specifically states that a licensee may not charge a customer any other tariff and make use of provisions in agreements other than that determined or approved by the Regulator as part of its licensing conditions.

Contrary to the NER legislation and section 64(2)(h) of the MFMA, tariffs were implemented for electricity consumers that were not approved by the National Electricity Regulator. NERSA may impose a penalty in terms of Section 19(4) of the Electricity Regulation Act of 2006.

Councillors Unemployment Insurance Fund contributions

Circular 1/2012 dated 26 January 2012 states that municipalities that have deducted UIF contributions from councillors after 1 April 2002 will have to take the necessary steps for the refund of such amounts from the Fund. The municipality have not yet submitted their claim to the Fund based on the following reasons:

- The information from 2002 to 2005 has not yet been collated.
- The municipality is awaiting the format in which the Fund requires the information to be summarized and then a payday report will have to be created in order to pull the information from the system.
- It is uncertain when the proposed format will be communicated.
- Councillors who resigned needs to be located.
- Family members of councillors who passed away needs to be located.

After the claim have been completed and submitted to the Fund, the refund will depend on the audit to be performed by the Fund on the claim and supporting information that was submitted to the Fund.

Based on the uncertainty of the matter as described above, the matter is disclosed as a contingency:

Contingent Asset - the receipt of the contributions from the Fund. The existence of the asset existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent Liability - the repayments of contributions deducted and subsequently recovered from the Fund. The existence of the liability will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent assets

The municipality did not remunerate its political office bearers and members of its political structures within the framework of the Public Office Bearers Act, 1998 (Act No. 20 of 1998) due to difference of opinion of the grading of the municipality. In terms of section 167(2) of the MFMA, the municipality must recover these overpayments. The total amount overpaid for the past five years amount to R13 182 448 and R2 971 751 for the 2012 financial year.

These amounts have not been accounted for as a receivable at year-end as there is currently uncertainty surrounding the outcome of the dispute. The grading of the municipality will be finalised once a conclusion is reached based on the meeting to be held between the municipality, SALGA and CoGTA.

The above-mentioned amounts that have been overpaid is included in the note for irregular expenditure (note 46).

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41. Prior period errors		
The correction of the error(s) results in adjustments as follows:		
Statement of financial position		
Total restatements	5,055,506,976	45,144,900
Statement of financial position		
Property, plant and equipment	3,898,048,384	-
Investment Property	314,080,068	-
Inventories	700,796,810	-
Trade and other payables	(13,829,318)	(4,375,932)
Trade and other receivables & Consumer Debtors	-	(7,799,462)
Other financial assets	24,054,695	-
Cash and cash Equivalents	-	7,799,462
Borrowings (current)	-	3,302,773
Borrowings (Non-current)	-	(3,302,773)
Taxes and transfers payable	4,171,791	(4,171,791)
Post Employment Liability	(189,827,000)	-
Provision for rehabilitation	(31,193,294)	53,692,623
Statement of Financial Performance		
Total restatements on prior year surplus/(deficit)	(349,204,841)	3,787,983
Total restatements on opening accumulated surplus	(4,706,302,136)	41,356,917
	(5,055,506,977)	45,144,900
Corrections to Trade and other payables		
Accrual for a Trade Creditor that was not provided as 30 June 2010.	-	(4,375,932)
Workmens Compensation Creditor correction based on assessment by Compensation Commissioner	6,016,690	-
Recording of Retention money payable on Capital Projects	(19,846,008)	-
	(13,829,318)	(4,375,932)
Corrections to Trade and other receivables		
Correction of cut-off error. System was kept open for 7 days in 2010 and therefore understating consumer debtors with receipts allocated.	-	(7,799,462)
Taxes and transfers payable (VAT corrections)		
Correction of VAT liability due to additional assessments issued by the South African Revenue Service	4,171,791	(4,171,791)
Provision for rehabilitation		
Restatement of provision for rehabilitation as management reviewed and updated the base cost for rehabilitation on which the provision is based.	(28,948,063)	45,528,708
Unwinding of discount increased as a result of the updated provision for rehabilitation cost information	(2,245,231)	8,163,915
	(31,193,294)	53,692,623

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Figures in Rand	2012	2011
41. Prior period errors (continued)		
Restatement of expenses		
Restatement of professional fees as a result of understatement of creditor	-	(4,375,932)
Unwinding of discount on Provision for rehabilitation understated in 2009 & 2010 due to understatement of base cost for rehabilitation.	(2,245,231)	8,163,915
Restatement of Workmens Compensation expense as a result of assessment by Compensation Commissioner	(6,329)	-
Restatement of interest paid to creditors as a result of assessment by Compensation Commissioner	1,646,815	-
Restatement of depreciation as a result of restatements in Property, Plant and Equipment	(314,259,067)	-
	(314,863,812)	3,787,983
Cash and Cash Equivalents		
Correction of cut-off error. System was kept open for 7 days in 2010 and therefore overstating bank balances with receipts allocated.	-	7,799,462
Capital Commitments (Disclosure)		
Correction of capital commitments understated in the disclosure note	-	439,711,082
Other financial assets		
Rand Merchant Bank Investments never recorded when money was invested in 1998	24,054,695	-
Restatement of income		
Increase in Interest as a result of the recognition of Rand Merchant Bank Investments	3,312,159	-
Fair value adjustments as a result of the restatement of Investment Property	(30,881,155)	-
	(27,568,996)	-
Material losses (disclosure)		
Correction of material losses understated in the disclosure note	9,796,238	-
Commitments - Professional fees (disclosure)		
Correction of professional fees understated in the disclosure note	7,969,400	-
Changes as a result of the valuation of Infrastructure assets		
Restatement of Inventories (Vacant Stands)	700,796,810	-
Restatement of Investment Property	314,080,068	-
Restatement of Property, Plant and Equipment	3,898,048,384	-
	4,912,925,262	-

42. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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	2012	2011
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42. Comparative figures (continued)

The effects of the reclassification are as follows:

Statement of Financial Performance

Agency fee income	(7,650,089)	(6,944,801)
Commissions received	7,650,089	6,944,801

43. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of debt, which includes the borrowings disclosed in notes 13, 12, 7, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2012 and 2011 respectively were as follows:

Total borrowings			
Finance lease obligation	13	7,073,267	11,845,900
Other financial liabilities	12	19,275,605	21,611,513
		26,348,872	33,457,413
Less: Cash and cash equivalents	7	44,664,502	35,279,286
Net debt		(18,315,630)	(1,821,873)
Total equity		4,757,708,371	337,759,315
Total capital		4,739,392,741	335,937,442

Gearing Ratio %	1	0.54
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Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. The accounting officer provides written principles for overall risk management.

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2012

2011

43. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	19,275,605	-	-	-
Finance lease obligation	5,878,219	1,195,049	-	-
Trade and other payables	882,167,683	-	-	-
At 30 June 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	19,841,247	1,770,266	-	-
Finance lease obligation	4,800,585	-	7,045,315	-
Trade and other payables	632,718,522	-	-	-

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. During 2012 and 2011, the municipality's borrowings at variable rate were denominated in the Rand.

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43. Risk management (continued)

Credit risk

Credit risk consists mainly of investments, cash equivalents and trade and consumer debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Cash and cash equivalents

Matjhabeng limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa.

Investments

It is the Municipality's practice to limit its credit risk by only investing in registered banks in terms of the Banks Act, 94 of 1990. Given the high credit ratings of these financial institutions the Municipality does not expect any counterparty to fail to meet its obligation.

Consumer Debtors

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. The Municipality's consumer receivables exposure to credit risk is influenced mainly by the individual risk characteristics of each consumer. Consumer receivables comprise of services supplied by the Municipality such as electricity, water, sanitation, refuse and rates levied. Consumer receivables constitutes approximately 59% of the Municipality's total exposure to maximum credit risk. The Municipality's exposure and credit ratings of its customers are continuously monitored. The Municipality establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. No trade or other receivables have been pledged as security. Certain trade and other receivables that were past due have been defaulted on by counterparties, thus legal action has been instituted against these parties in an attempt to recover this debt, where debt is irrecoverable it has been written off. No conditions or terms of the trade and other receivables have been re-negotiated with counterparties.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2012	2011
Trade and other receivables	4,512,110	1,256,637
Consumer debtors	126,790,737	103,804,445
Cash and cash equivalents	44,664,502	35,279,285
Other financial assets	38,789,418	40,559,270
Consumer debtors (long term)	1,707,919	457,563

44. Going concern

The following principal conditions could indicate that there is a material uncertainty which may cast significant doubt on the municipality's ability to continue as a going concern:

1) The total current liabilities, including unspent conditional grants (Note 17), exceeded the total current assets, including cash and cash equivalents (Note 7) and other financial assets (Note 4) by R82,871,143 (2011: R147,230,807). The municipality does not have sufficient funds available to cover short term debt.

2) The net deficit of the municipality was R478,298,799 (2011: 302,987,167).

3) There was a net decrease in cash and cash equivalents (Note 7) of R9,385,217 for the current financial year.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality as well as the compliance with section 71 of the MFMA in order to secure future funding from the Government to cover expenses and meet obligations.

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45. Unauthorised expenditure		
Opening balance	1,459,230,422	839,584,517
Unauthorised expenditure current year - operating expenses	1,035,382,671	499,451,455
Unauthorised expenditure current year - capital expenses	40,375,926	120,194,450
	2,534,989,019	1,459,230,422

The unauthorised expenditure in 2012 and 2011 relates to expenditure incurred that was not budgeted for those specific financial years per department vote.

The unauthorised expenditure are not recoverable and no criminal or disciplinary steps have been taken as a result of such unauthorised expenses.

46. Fruitless and wasteful expenditure

Opening balance	81,388,100	40,375,097
Fruitless and wasteful expenditure current year	76,391,793	41,013,003
	157,779,893	81,388,100

These expenditure includes interest paid for late payment to suppliers and payments toward unfulfilled contracted services.

The fruitless and wasteful expenditure are not recoverable, no criminal or disciplinary steps were taken as a result of fruitless and wasteful expenditures and all material losses as a result of the expenses were written off in the year incurred.

47. Irregular expenditure

Opening balance	241,353,872	129,159,869
Add: Irregular Expenditure - current year	160,377,149	112,194,003
	401,731,021	241,353,872

Additional information

The irregular expenditure are not recoverable, no criminal or disciplinary steps were taken as a result of irregular expenditures and all material losses as a result of the expenses were written off in the year incurred.

The recoverability of the non compliance with remuneration of Public Office Bearers Act is in doubt and therefore a debtor has not been raised for the excess remuneration paid (refer to contingent asset, note 40).

Details of irregular expenditure – current year

Non Compliance with supply chain management - included on register	9,268,095
Non Compliance with supply chain management - other	147,791,577
Possible non compliance with remuneration of Public Office Bearers Act (remuneration was based on a grading of 5, also refer to note 40, contingent assets)	2,971,751
Procurement transactions with employees and/or family members of employees (2011: R3,943,651)	345,726
	160,377,149

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47. Irregular expenditure (continued)		
Details of irregular expenditure - prior year		
Non Compliance with supply chain management - included on register		14,577,865
Non Compliance with supply chain management - other		90,441,495
Possible non compliance with remuneration of Public Office Bearers Act (remuneration was based on a grading of 5, also refer to note 40, contingent assets)		3,230,992
		108,250,352
48. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	4,664,087	2,153,183
The Municipality has not paid its contributions due to cash flow constraints.		
Material losses		
Losses on water-and electricity distribution previously disclosed	68,409,933	72,313,622
Restatement	-	9,796,238
	68,409,933	82,109,860
Audit fees		
Opening balance	319,664	410,120
Current year subscription / fee	5,689,901	5,113,714
Amount paid - current year	(5,532,509)	(4,794,050)
Amount paid - previous years	(319,665)	(410,120)
	157,391	319,664
PAYE and UIF		
Opening balance	4,195,770	3,222,706
Current year subscription / fee	52,505,184	47,665,813
Amount paid - current year	(48,238,957)	(43,470,043)
Amount paid - previous years	(4,195,770)	(3,222,706)
	4,266,227	4,195,770
Pension and Medical Aid Deductions		
Opening balance	8,204,137	7,331,125
Current year subscription / fee	102,957,919	96,004,393
Amount paid - current year	(94,244,430)	(87,800,256)
Amount paid - previous years	(8,204,137)	(7,331,125)
	8,713,489	8,204,137

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48. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

VAT receivable	-	913,198
VAT payable	32,345,883	-
	32,345,883	913,198

VAT output payables and VAT input receivables are disclosed in note 15.

All VAT returns have been submitted by the due date throughout the year.

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48. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2012:

30 June 2012	Outstanding more than 90 days	Total
FE Taliwe	4,951	4,951
FG May	8,055	8,055
KI Ntlele	15,024	15,024
KJ Menyatso	12,637	12,637
KR Tlake	2,024	2,024
LC Mokausi	8,606	8,606
M Kabi	9,677	9,677
ME Phetise	16,747	16,747
ME Tsubane	34,447	34,447
MH Ntsebeng	6,791	6,791
MI Riet	20,670	20,670
MJ Badenhorst	18,652	18,652
ML Ntsui	15,912	15,912
MS van Rooyen	238	238
NW Speelman	25,905	25,905
PA Molelekoa	746	746
PP Mholo	10,999	10,999
SW Mokwena	14,471	14,471
TL Mabote	10,091	10,091
TD Khalipha	16,487	16,487
30 June 2011	Outstanding more than 90 days	Total
MS Moahloli	6,974	6,974
SD Nteo	500	500
B Sithole	2,169	2,169
ME Tsubane	4,082	4,082
MA Meko	2,974	2,974
TG Mokotedi	260	260
ML Tlhono	12,437	12,437
ZA Thuthani	9,531	9,531
D. Kotzee	1,408	1,408
JHA Edeling	3,859	3,859
TA Natkwa	520	520
ME Phetise	11,657	11,657
TD Khalioha	3,397	3,397
FE Taliwe	4,747	4,747
LC Mokausi	18,581	18,581
MSE Mosala	5,575	5,575
KL Ntlele	12,357	12,357
GL Qwesha	12,313	12,313
KR Tlake	1,173	1,173
TL Mabote	7,537	7,537
AX Mbambo	200	200

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49. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

In compliance with MFMA, Treasury regulations and Supply Chain Management Policy, the table below depicts the summary of the authorised exemptions by Municipal Manager, for the year ended 30 June 2012:

Deviations	
July 2011	586,971
August 2011	91,289
September 2011	2,797,660
October 2011	1,819,153
November 2011	1,197,564
December 2011	171,718
January 2012	692,139
February 2012	179,433
March 2012	421,753
April 2012	392,624
May 2012	477,497
June 2012	440,296
	9,268,097

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50. Actual vs Budget (Revenue & Expenditure)

	Current year 2012 Act. Bal. Rand	Current year 2012 Adjusted budget Rand	Variance Rand	Variance %
Revenue				
Property Rates	152,938,125	136,325,137	16,612,988	12.2
Service charges	737,670,225	855,263,668	(117,593,443)	(13.8)
Rental of facilities and equipment	10,492,365	6,720,000	3,772,365	56.1
Interest received (trading)	78,051,520	73,339,704	4,711,815	6.4
Fines	3,623,477	4,000,000	(376,523)	(9.4)
Licences and permits	7,575	-	7,575	100.0
Government grants & subsidies	570,189,011	392,899,000	177,290,011	45.1
Agency fees	-	-	-	-
Commissions received	8,272,557	-	8,272,557	100.0
Other income	20,881,192	23,333,140	(2,451,948)	(10.5)
Interest received-Investment	7,419,622	-	7,419,622	100.0
Fair Value Adjustment - Extended Payment terms	-	-	-	-
	1,589,545,669	1,491,880,649	97,665,019	386.1
Expenses				
Personnel	(427,558,459)	(387,413,292)	(40,145,167)	10.4
Post Employment Liability	(34,823,000)	-	(34,823,000)	100
Remuneration of councillors	(19,998,688)	(43,228,396)	23,229,708	(53.7)
Depreciation	(359,831,518)	-	(359,831,518)	100.0
Impairments	(369,705,510)	(355,899,331)	(13,806,179)	3.9
Finance costs	(85,039,476)	(2,250,000)	(82,789,476)	3,680.0
Repairs and maintenance	(36,209,224)	(127,830,020)	91,620,796	(71.7)
Bulk purchases	(520,781,456)	(350,532,079)	(170,249,377)	48.6
Contracted Services	(8,044,502)	(10,000,000)	1,955,498	(19.6)
General Expenses	(209,132,561)	(187,054,035)	(22,078,526)	11.8
	(2,071,124,394)	(1,464,207,153)	(606,917,241)	3,609.7
Other				
Loss on disposal of assets and liabilities	(290,408)	-	(290,408)	100.0
Fair value adjustments	3,570,335	-	3,570,335	100
Net surplus/(deficit) for the year	(478,298,799)	27,673,496	(505,972,295)	1,828.0

51. Investment property

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	406,858,196	(123,547,846)	283,310,350	406,761,533	(92,681,466)	314,080,067

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51. Investment property (continued)

Reconciliation of investment property - 2012

	Opening balance	Additions	Depreciation	Total
Investment property	314,080,067	96,663	(30,866,380)	283,310,350

Reconciliation of investment property - 2011

	Opening balance	Depreciation	Total
Investment property	344,973,889	(30,893,822)	314,080,067

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Net gains or losses from fair value adjustments	(30,881,154)	(30,881,154)
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The supplementary information presented does not form part of the annual financial statements and is unaudited

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Appendix A

June 2012

Schedule of external loans as at 30 June 2012

Loan Number	Redeemable	Balance at 30 June 2011	Received during the period	Redeemed written off during the period	Balance at 30 June 2012	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand	Rand	Rand
LONG-TERM LOANS							
DBSA @ 10%	08110/102	30/06/2013	3,290,994	-	1,395,196	1,895,798	-
DBSA @ 12.5%	102978	30/06/2012	18,240,717	-	860,910	17,379,807	-
INCA @ 17.44%	VRG112H-S	30/06/2012	79,805	-	79,805	-	-
			21,611,516	-	2,335,911	19,275,605	-
Total external loans			21,611,516	-	2,335,911	19,275,605	-

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